

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-38681



NORTHWEST NATURAL HOLDING COMPANY

(Exact name of registrant as specified in its charter)

Oregon

82-4710680

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

250 S.W. Taylor Street

Portland

Oregon

97204

(Address of principal executive offices)

(Zip Code)

Commission file number 1-15973



NORTHWEST NATURAL GAS COMPANY

(Exact name of registrant as specified in its charter)

Oregon

93-0256722

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

250 S.W. Taylor Street

Portland

Oregon

97204

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(503) 226-4211**

Registrant's telephone number, including area code: **(503) 226-4211**

Securities registered pursuant to Section 12(b) of the Act:

<u>Registrant</u>	<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Northwest Natural Holding Company	Common Stock	NWN	New York Stock Exchange
Northwest Natural Gas Company	None	None	None

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

NORTHWEST NATURAL HOLDING COMPANY	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NORTHWEST NATURAL GAS COMPANY	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

NORTHWEST NATURAL HOLDING COMPANY	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NORTHWEST NATURAL GAS COMPANY	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

NORTHWEST NATURAL HOLDING COMPANY	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NORTHWEST NATURAL GAS COMPANY	Yes <input type="checkbox"/>	No <input type="checkbox"/>
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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

NORTHWEST NATURAL HOLDING COMPANY	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NORTHWEST NATURAL GAS COMPANY	Yes <input type="checkbox"/>	No <input type="checkbox"/>
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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

NORTHWEST NATURAL HOLDING COMPANY	NORTHWEST NATURAL GAS COMPANY	
Large Accelerated Filer <input checked="" type="checkbox"/>	Large Accelerated Filer <input type="checkbox"/>	
Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	
Non-accelerated Filer <input type="checkbox"/>	Non-accelerated Filer <input checked="" type="checkbox"/>	
Smaller Reporting Company <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>	
Emerging Growth Company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

NORTHWEST NATURAL HOLDING COMPANY	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NORTHWEST NATURAL GAS COMPANY	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

NORTHWEST NATURAL HOLDING COMPANY	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NORTHWEST NATURAL GAS COMPANY	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

NORTHWEST NATURAL HOLDING COMPANY	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	NORTHWEST NATURAL GAS COMPANY	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

NORTHWEST NATURAL HOLDING COMPANY

Yes

No

NORTHWEST NATURAL GAS COMPANY

Yes

No

As of the end of the second quarter of 2023, the aggregate market value of the shares of Common Stock of Northwest Natural Holding Company (based upon the closing price of these shares on the New York Stock Exchange on June 30, 2023) held by non-affiliates was \$ 1,534,376,401 .

At February 14, 2024, 37,676,740 shares of Northwest Natural Holding Company's Common Stock (the only class of Common Stock) were outstanding. All shares of Northwest Natural Gas Company's Common Stock (the only class of Common Stock) outstanding were held by Northwest Natural Holding Company.

This combined Form 10-K is separately filed by Northwest Natural Holding Company and Northwest Natural Gas Company. Information contained in this document relating to Northwest Natural Gas Company is filed by Northwest Natural Holding Company and separately by Northwest Natural Gas Company. Northwest Natural Gas Company makes no representation as to information relating to Northwest Natural Holding Company or its subsidiaries, except as it may relate to Northwest Natural Gas Company and its subsidiaries.

Northwest Natural Gas Company meets the conditions set forth in General Instruction (l)(1)(a) and (b) of Form 10-K and is therefore filing this report with the reduced disclosure format.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Northwest Natural Holding Company's Proxy Statement, to be filed in connection with the 2024 Annual Meeting of Shareholders, are incorporated by reference in Part III.

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GLOSSARY OF TERMS AND ABBREVIATIONS

ACC	Arizona Corporation Commission; the entity that regulates NW Holdings' regulated water and wastewater businesses in Arizona with respect to rates and terms of service, among other matters
AFUDC	Allowance for Funds Used During Construction
AOCI / AOCL	Accumulated Other Comprehensive Income (Loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update as issued by the FASB
Average Weather	The 25-year average of heating degree days based on temperatures established in our last Oregon general rate case
Bcf	Billion cubic feet, a volumetric measure of natural gas, where one Bcf is roughly equal to 10 million therms
CAP	Compliance Assurance Process with the Internal Revenue Service
CCA	Climate Commitment Act enacted by the State of Washington
CNG	Compressed Natural Gas
CODM	Chief Operating Decision Maker, which for accounting purposes is defined as an individual or group of individuals responsible for the allocation of resources and assessing the performance of the entity's business units
Core NGD Customers	Residential, commercial, and industrial customers receiving firm service from the Natural Gas Distribution business
Cost of Gas	The delivered cost of natural gas sold to customers, including the cost of gas purchased, gas storage costs, gas reserves costs, gas commodity derivative contracts, pipeline demand costs, seasonal demand cost balancing adjustments, renewable natural gas and its attributes, including renewable thermal certificate costs, and regulatory gas cost deferrals
CPP	Climate Protection Program established by the Environmental Quality Commission of the Oregon Department of Environmental Quality
Decoupling	A natural gas billing rate mechanism, also referred to as a conservation tariff, which is designed to allow a utility to encourage residential and small commercial customers to conserve energy
Degree Day	The number of degrees that the average outdoor temperature falls below or exceeds a base value in a given period of time
Demand Cost	A component in NGD customer rates representing the cost of securing firm pipeline capacity, whether the capacity is used or not
ECRM	Environmental Cost Recovery Mechanism, a billing rate mechanism for recovering prudently incurred environmental site remediation costs allocable to Washington customers through NGD customer billings
Energy Corp	Northwest Energy Corporation, a wholly-owned subsidiary of Northwest Natural Gas Company
EPA	Environmental Protection Agency
EPS	Earnings per share
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission; the entity regulating interstate storage services offered by the Mist gas storage facility
Firm Service	Natural gas service offered to customers under contracts or rate schedules that will not be disrupted to meet the needs of other customers
FMBs	First Mortgage Bonds
General Rate Case	A periodic filing with state or federal regulators to establish billing rates for utility customers
GHG	Greenhouse gases
Interruptible Service	Natural gas service offered to customers (usually large commercial or industrial users) under contracts or rate schedules that allow for interruptions when necessary to meet the needs of firm service customers
Interstate Storage Services	The portion of the Mist gas storage facility not used to serve NGD customers, instead serving utilities, third-party marketers, and electric generators
IPUC	Public Utility Commission of Idaho; the entity that regulates NW Holdings' regulated water businesses in Idaho with respect to rates and terms of service, among other matters
IRA	Inflation Reduction Act of 2022
IRP	Integrated Resource Plan
KB	Kelso-Beaver Pipeline, of which 10% is owned by KB Pipeline Company, a subsidiary of NNG Financial Corporation

LIBOR	London Interbank Offered Rate
LNG	Liquefied Natural Gas, the cryogenic liquid form of natural gas. To reach a liquid form at atmospheric pressure, natural gas must be cooled to approximately negative 260 degrees Fahrenheit
LTIP	Long Term Incentive Plan
Moody's	Moody's Investors Service, Inc., credit rating agency
NAV	Net Asset Value
NGD	Natural Gas Distribution, a segment of Northwest Natural Holding Company and Northwest Natural Gas Company that provides regulated natural gas distribution services to residential, commercial, and industrial customers in Oregon and Southwest Washington
NGD Margin	A financial measure used by NW Natural's CODM consisting of NGD operating revenues less the associated cost of gas, revenue taxes, and environmental recoveries
NNG Financial	NNG Financial Corporation, a wholly-owned subsidiary of NW Holdings
NW Holdings	Northwest Natural Holding Company
NW Natural	Northwest Natural Gas Company, a wholly-owned subsidiary of NW Holdings
NW Natural Renewables	NW Natural Renewables Holdings, LLC, a wholly-owned subsidiary of NW Holdings
NWN Energy	NW Natural Energy, LLC, a wholly-owned subsidiary of NW Holdings
NWN Gas Reserves	NWN Gas Reserves LLC, a wholly-owned subsidiary of Energy Corp
NWN Gas Storage	NW Natural Gas Storage, LLC, a wholly-owned subsidiary of NWN Energy
NWN Water	NW Natural Water Company, LLC, a wholly-owned subsidiary of NW Holdings
ODEQ	Oregon Department of Environmental Quality
OPEIU	Office and Professional Employees International Union Local No. 11, AFL-CIO, the Union which represents NW Natural's bargaining unit employees
OPUC	Public Utility Commission of Oregon; the entity that regulates our Oregon natural gas and regulated water businesses with respect to rates and terms of service, among other matters; the OPUC also regulates the Mist gas storage facility's intrastate storage services
PGA	Purchased Gas Adjustment, a regulatory mechanism primarily used to adjust natural gas customer rates to reflect changes in the forecasted cost of gas and differences between forecasted and actual gas costs from the prior year
PHMSA	U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration
PUCT	Public Utility Commission of Texas; the entity that regulates NW Holdings' regulated water and wastewater businesses in Texas with respect to rates and terms of service, among other matters
RNG	Renewable Natural Gas, a source of natural gas derived from organic materials which may be captured, refined, and distributed on natural gas pipeline systems
RNG Hold Co	NW Natural RNG Holding Company, LLC, a wholly-owned subsidiary of Northwest Natural Gas Company
ROE	Return on Equity, a measure of corporate profitability, calculated as net income or loss divided by average common equity. Authorized ROE refers to the equity rate approved by a regulatory agency for use in determining utility revenue requirements
ROR	Rate of Return, a measure of return on utility rate base. Authorized ROR refers to the rate of return approved by a regulatory agency and is generally discussed in the context of ROE and capital structure
RSU	Restricted Stock Unit
RTC	Renewable Thermal Certificate
S&P	Standard & Poor's Financial Services LLC, a credit rating agency and a subsidiary of S&P Global Inc.
Sales Service	Service provided whereby a customer purchases both natural gas commodity supply and transportation from the NGD business
SEC	U.S. Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
SRRM	Site Remediation and Recovery Mechanism, a billing rate mechanism for recovering prudently incurred environmental site remediation costs allocable to Oregon through NGD customer billings, subject to an earnings test
Therm	The basic unit of natural gas measurement, equal to one hundred thousand British thermal units
Transportation Service	Service provided whereby a customer purchases natural gas directly from a supplier but pays the utility to transport the gas over its distribution system to the customer's facility
TSA	Transportation Security Administration
U.S. GAAP	Accounting principles generally accepted in the United States of America

WARM	An Oregon billing rate mechanism applied to natural gas residential and commercial customers to adjust for temperature variances from average weather
WUTC	Washington Utilities and Transportation Commission, the entity that regulates our Washington natural gas and regulated water businesses with respect to rates and terms of service, among other matters

FORWARD-LOOKING STATEMENTS

This report 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, may, intends, plans, projects, seeks, should, believes, estimates, expects, will, could, and similar references (including the negatives thereof) to future periods, although not all forward-looking statements contain these words. Examples of forward-looking statements include, but are not limited to, statements regarding the following:

- plans, projections and predictions;
- objectives, goals, visions or strategies;
- assumptions, generalizations and estimates;
- ongoing continuation of past practices or patterns;
- future events or performance;
- trends;
- risks;
- uncertainties;
- timing and cyclical;
- economic conditions, including impacts of inflation and interest rates, bank failure, recessionary risk, and general economic uncertainty;
- earnings and dividends;
- capital expenditures and allocation;
- capital markets or access to capital;
- capital or organizational structure;
- matters related to climate change and our role in decarbonization or a low-carbon future;
- renewable natural gas, environmental attributes related thereto, and hydrogen;
- our strategy to reduce greenhouse gas emissions and the efficacy of communicating that strategy to shareholders, investors, stakeholders and communities;
- the policies and priorities of the current presidential administration and U.S. Congress;
- the policies and priorities of the officials elected in the 2024 presidential and congressional elections;
- growth;
- customer rates;
- pandemic and related illness or quarantine and economic conditions related thereto or resulting therefrom;
- labor relations and workforce succession;
- commodity costs;
- desirability and cost competitiveness of natural gas;
- gas reserves;
- operational performance and costs;
- energy policy, infrastructure and preferences;
- public policy approach and involvement;
- efficacy of derivatives and hedges;
- liquidity, financial positions, and planned securities issuances;
- valuations;
- project and program development, expansion, or investment;
- business development efforts, including new business lines such as unregulated renewable natural gas, and acquisitions and integration thereof;
- implementation and execution of our water strategy;
- pipeline capacity, demand, location, and reliability;
- adequacy of property rights and operations center development;
- technology implementation and cybersecurity practices;
- competition;
- procurement and development of gas (including renewable natural gas) and water supplies;
- estimated expenditures, supply chain and third party availability and impairment;
- supply chain disruptions;
- costs of compliance, and our ability to include those costs in rates;
- customers bypassing our infrastructure;
- credit exposures and credit ratings or changes in credit ratings;
- uncollectible account amounts;
- rate or regulatory outcomes, recovery or refunds, and the availability of public utility commissions to take action;

- impacts or changes of executive orders, laws, rules and regulations, or legal challenges related thereto, including the Inflation Reduction Act or other energy climate related legislation;
- tax liabilities or refunds, including effects of tax legislation;
- levels and pricing of gas storage contracts and gas storage markets;
- outcomes, timing and effects of potential claims, litigation, regulatory actions, and other administrative matters;
- projected obligations, expectations and treatment with respect to, and the impact of new legislation on, retirement plans;
- international, federal, state, and local efforts to regulate, in a variety of ways, greenhouse gas emissions, and the effects of those efforts;
- geopolitical factors, including the ongoing conflicts in Europe and the Middle East;
- availability, adequacy, and shift in mix, of gas and water supplies;
- effects of new or anticipated changes in critical accounting policies or estimates;
- approval and adequacy of regulatory deferrals;
- effects and efficacy of regulatory mechanisms; and
- environmental, regulatory, litigation and insurance costs and recoveries, and timing thereof.

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 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 this report.

Any forward-looking statement made in this report speaks only as of the date on which it is made. Factors or events that could cause 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.

PART I

FILING FORMAT

This annual report on Form 10-K is a combined report being filed by two separate registrants: Northwest Natural Holding Company (NW Holdings), and Northwest Natural Gas Company (NW Natural). Except where the content clearly indicates otherwise, any reference in the report to "we," "us" or "our" is to the consolidated entity of NW Holdings and all of its subsidiaries, including NW Natural, which is a distinct SEC registrant that is a wholly-owned subsidiary of NW Holdings. Each of NW Holdings' subsidiaries is a separate legal entity with its own assets and liabilities. Information contained herein relating to any individual registrant or its subsidiaries is filed by such registrant on its own behalf. Each registrant makes representations only as to itself and its subsidiaries and makes no other representation whatsoever as to any other company.

Item 8 in this Annual Report on Form 10-K includes separate financial statements (i.e. balance sheets, statements of comprehensive income, statements of cash flows, and statements of equity) for NW Holdings and NW Natural, in that order. References in this discussion to the "Notes" are to the Notes to the Consolidated Financial Statements in Item 8 of this report. The Notes to the Consolidated Financial Statements are presented on a combined basis for both entities except where expressly noted otherwise. All Items other than Item 8 are combined for the reporting companies.

ITEM 1. BUSINESS

OVERVIEW

NW Holdings is a holding company headquartered in Portland, Oregon and owns NW Natural, NW Natural Water Company, LLC (NWN Water), NW Natural Renewables Holdings, LLC, a non-regulated subsidiary established to pursue non-regulated renewable natural gas activities, and other businesses and activities. NW Natural is NW Holdings' largest subsidiary.

NW Natural distributes natural gas to residential, commercial, and industrial customers in Oregon and southwest Washington. NW Natural and its predecessors have supplied gas service to the public since 1859, was incorporated in Oregon in 1910, and began doing business as NW Natural in 1997. NW Natural's natural gas distribution activities are reported in the natural gas distribution (NGD) segment. All other business activities, including certain gas storage activities, water and wastewater businesses, non-regulated renewable natural gas activities and other investments and activities are aggregated and reported as "other" at their respective registrant.

Our mission is to provide safe, reliable and affordable utility services and renewable energy in a sustainable way to better the lives of the communities we serve. We support our mission by following our core values of service ethic, integrity, safety, caring, and environmental stewardship.

NATURAL GAS DISTRIBUTION (NGD) SEGMENT

Both NW Holdings and NW Natural have one reportable segment, the NGD segment, which is operated by NW Natural. NGD provides natural gas service through approximately 799,000 meters in Oregon and southwest Washington. Approximately 88% of customers are located in Oregon and 12% are located in southwest Washington.

NW Natural has been allocated an exclusive service territory by the Oregon Public Utility Commission (OPUC) and Washington Utilities and Transportation Commission (WUTC), which includes the major population centers in western Oregon, including the Portland metropolitan area, most of the Willamette Valley, the Coastal area from Astoria to Coos Bay, and portions of Washington along the Columbia River. Major businesses located in NW Natural's service territory include retail, manufacturing, and high-technology industries.

Customers

The NGD business serves residential, commercial, and industrial customers with no individual customer accounting for more than 10% of NW Natural's or NW Holdings' revenues. On an annual basis, residential and commercial customers typically account for approximately 60% of NGD volumes delivered and approximately 90% of NGD margin. Industrial and other customers largely account for the remaining volumes and margin.

The following table presents summary meter information for the NGD segment as of December 31, 2023:

	Number of Meters	% of Volumes	% of Margin
Residential	728,915	38 %	65 %
Commercial	69,273	23 %	24 %
Industrial	1,062	39 %	6 %
Other ⁽¹⁾	N/A	N/A	5 %
Total	799,250	100 %	100 %

⁽¹⁾ NGD margin is also affected by other items, including miscellaneous revenues, gains or losses from NW Natural's gas cost incentive sharing mechanism, other margin adjustments, and other regulated services.

Generally, residential and commercial customers purchase both their natural gas commodity (gas sales) and natural gas delivery services from the NGD business. Industrial and some large commercial customers also purchase transportation, but may buy the gas commodity either from NW Natural or directly from a third-party gas marketer or supplier. Gas commodity cost is primarily a pass-through cost to customers; therefore, profit margins are not significantly affected by an industrial customer's decision to purchase gas from NW Natural or from third parties. Industrial and large commercial customers may also select between firm and interruptible service levels, with firm services generally providing higher profit margins compared to interruptible services.

To help manage gas supplies, tariffs are designed to provide some certainty regarding industrial and commercial customers' volumes by requiring an annual service election, special rates or possible restrictions for changes between elections.

We estimate natural gas was in approximately 63% of single-family residential homes in NW Natural's service territory in 2023. Customer growth in our region comes mainly from the following sources: single-family housing, both new construction and conversions; multifamily housing new construction; and commercial buildings, both new construction and conversions. Single-family new construction has consistently been our largest source of growth. Continued customer growth is closely tied to consumer preference for natural gas, the comparative price of natural gas to electricity and fuel oil, regulations and building codes permitting the use of natural gas in new construction and conversions, and the economic health of our service territory.

Competitive Conditions

In its service areas, the NGD business has no direct competition from other natural gas distributors. However, it competes with other forms of energy in each customer class. This competition among energy suppliers is based on price, efficiency, reliability, performance, preference, perceptions, market conditions, building codes, technology, federal, state, and local energy policy, and environmental impacts.

For residential and small to mid-size commercial customers, the NGD business competes primarily with providers of electricity, fuel oil, and propane.

In the industrial and large commercial markets, the NGD business competes with all forms of energy, including competition from wholesale natural gas marketers. In addition, large industrial customers could bypass NW Natural's natural gas distribution system by installing their own direct pipeline connection to the interstate pipeline system. NW Natural has designed custom transportation service agreements with several large industrial customers to provide transportation service rates that are competitive with the customer's costs of installing their own pipeline.

Seasonality of Business

The NGD business is seasonal in nature due to higher gas usage by residential and commercial customers during the cold winter heating months. Other categories of customers experience similar seasonality in their usage but to a lesser extent.

Regulation and Rates

The NGD business is subject to regulation by the OPUC and WUTC. These regulatory agencies authorize rates and allow recovery mechanisms to provide the opportunity to recover prudently incurred capital and operating costs from customers, while also earning a reasonable return on investment for investors. In addition, the OPUC and WUTC also regulate the system of accounts and issuance of securities by NW Natural.

NW Natural files general rate cases and rate tariff requests periodically with the OPUC and WUTC to establish approved rates, an authorized return on equity (ROE), an overall rate of return (ROR) on rate base, an authorized capital structure, and other revenue/cost deferral and recovery mechanisms.

NW Natural is also regulated by the Federal Energy Regulatory Commission (FERC). Under NW Natural's Mist interstate storage certificate with FERC, NW Natural is required to file either a petition for rate approval or a cost and revenue study every five years to change or justify maintaining the existing rates for the interstate storage service.

For further discussion on our most recent general rate cases, see Part II, Item 7, "Results of Operations—Regulatory Matters—Regulation and Rates."

Gas Supply

NW Natural strives to secure sufficient, reliable supplies of natural gas to meet the needs of customers at the lowest reasonable cost, while maintaining price stability, managing gas purchase costs prudently and supporting our core value of environmental stewardship. This is accomplished through a comprehensive strategy focused on the following items:

- **Reliability** - ensuring gas resource portfolios are sufficient to satisfy customer requirements under extreme cold weather conditions;
- **Diverse Supply** - providing diversity of supply sources;
- **Diverse Contracts** - maintaining a variety of contract durations, types, and counterparties;
- **Cost Management and Recovery** - employing prudent gas cost management strategies; and
- **Environmental Stewardship** - striving to reduce the carbon content and environmental impacts of the energy we deliver.

Reliability

To support system reliability, the NGD business has developed a risk-based methodology in which it uses a planning standard to serve the highest firm sales demand day in any year with 99% certainty.

The projected maximum design day firm NGD customer sales is approximately 10 million therms. Of this total, the NGD business is currently capable of meeting approximately 50% of the requirements with gas from storage located within or adjacent to its service territory, while the remaining supply requirements would come from gas purchases under firm gas purchase contracts and recall agreements.

NW Natural segments transportation capacity, which is a natural gas transportation mechanism under which a shipper can leverage its firm pipeline transportation capacity by separating it into multiple segments with alternate delivery routes. The reliability of service on these alternate routes will vary depending on the constraints of the pipeline system. For those segments with acceptable reliability, segmentation provides a shipper with increased flexibility and potential cost savings compared to traditional pipeline service. The NGD business relies on segmentation of firm pipeline transportation capacity that flows from Stanfield, Oregon to various points south of Molalla, Oregon.

We believe gas supplies would be sufficient to meet existing NGD firm customer demand in the event of maximum design day weather conditions.

The following table shows the sources of supply projected to be used to satisfy the design day sales for the 2023-24 winter heating season:

<i>Therms in millions</i>	<i>Therms</i>	<i>Percent</i>
Sources of NGD supply:		
Firm supply purchases	3.4	34 %
Mist underground storage (NGD only)	3.1	30 %
Company-owned LNG storage	1.9	19 %
Off-system storage contract	0.5	5 %
Pipeline segmentation capacity	0.6	6 %
Recall agreements	0.4	4 %
Peak day citygate deliveries	0.2	2 %
Total	10.1	100 %

The OPUC and WUTC have Integrated Resource Planning (IRP) processes in which utilities define different future scenarios and corresponding resource and compliance strategies in an effort to evaluate supply and demand resource and compliance requirements, consider uncertainties in the planning process and the need for flexibility to respond to changes, and establish a plan for providing reliable service while meeting carbon compliance obligations within frameworks that emphasize least cost and risk.

NW Natural generally files a full IRP biennially for Oregon and Washington with the OPUC and the WUTC, respectively, and files updates in Oregon between filings. The OPUC acknowledges NW Natural's action plan, whereas the WUTC provides notice that the IRP has met the requirements of the Washington Administrative Code. OPUC acknowledgment of the IRP does not constitute ratemaking approval of any specific resource acquisition strategy or expenditure. For additional information see Part II, Item 7, "Results of Operations—Regulatory Matters."

Diversity of Supply Sources

NW Natural purchases gas supplies primarily from the Alberta and British Columbia provinces of Canada and multiple receipt points in the U.S. Rocky Mountains to protect against regional supply disruptions and to take advantage of price differentials. For 2023, 59% of gas supply came from Canada, with the balance primarily coming from the U.S. Rocky Mountain region. The extraction of shale gas has increased the availability of gas supplies throughout North America. We believe gas supplies available in the western United States and Canada are adequate to serve NGD customer requirements for the foreseeable

future. NW Natural continues to evaluate the long-term supply mix based on projections of gas production and pricing in the U.S. Rocky Mountain region as well as other regions in North America.

NW Natural supplements firm gas supply purchases with gas withdrawals from gas storage facilities, including underground reservoirs and LNG storage facilities. Storage facilities are generally injected with natural gas during the off-peak months in the spring and summer, and the gas is withdrawn for use during peak demand months in the winter.

The following table presents the storage facilities available for NGD business supply:

	Maximum Daily Deliverability (therms in millions)	Designed Storage Capacity (Bcf)
Gas Storage Facilities		
Owned Facility		
Mist, Oregon (Mist Facility) ⁽¹⁾	3.1	11.7
Mist, Oregon (North Mist Facility) ⁽²⁾	1.3	4.1
Contracted Facility		
Jackson Prairie, Washington ⁽³⁾	0.5	1.1
LNG Facilities		
Owned Facilities		
Newport, Oregon	0.6	1.0
Portland, Oregon	1.3	0.6
Total	6.8	18.5

⁽¹⁾ The Mist gas storage facility has a total maximum daily deliverability of 5.1 million therms and a total designed storage capacity of about 17.5 Bcf, of which 3.1 million therms of daily deliverability and 11.7 Bcf of storage capacity are reserved for NGD business customers.

⁽²⁾ The North Mist facility is contracted to exclusively serve Portland General Electric, a local electric utility, and may not be used to serve other NGD customers. See "North Mist Gas Storage Facility" below for more information.

⁽³⁾ The storage facility is located near Chehalis, Washington and is contracted from Northwest Pipeline, a subsidiary of The Williams Companies.

The Mist facility serves NGD segment customers and is also used for non-NGD purposes, primarily for contracts with gas storage customers, including utilities, third-party marketers, and electric generators. Under regulatory agreements with the OPUC and WUTC, gas storage at Mist can be developed in advance of NGD customer needs but is subject to recall when needed to serve such customers as their demand increases. When storage capacity is recalled for NGD purposes it becomes part of the NGD segment. In 2023, the NGD business did not recall additional deliverability or associated storage capacity to serve customer needs. The North Mist facility is contracted for the exclusive use of Portland General Electric, a local electric utility, and may not be used to serve other NGD customers. See "North Mist Gas Storage Facility" below.

Diverse Contract Durations and Types

NW Natural has a diverse portfolio of short-, medium-, and long-term firm gas supply contracts and a variety of contract types including firm and interruptible supplies as well as supplemental supplies from gas storage facilities.

The majority of our gas supply contracts include year-round, winter-only, summer-only, and monthly baseload supplies, and daily spot purchases. We also maintain options to call on additional daily supplies during the winter heating season.

During 2023, a total of 875 million therms were purchased under contracts with durations as follows:

Contract Duration (primary term)	Percent of Purchases
Long-term (one year or longer)	24 %
Short-term (more than one month, less than one year)	51
Spot (one month or less)	25
Total	100 %

During 2023, there was one supplier that provided 10% or more of the NGD business gas supply requirements. No other individual supplier provided 10% or more of the NGD business gas supply requirements.

Gas Cost Management

The cost of gas sold to NGD customers primarily consists of the following items, which are included in annual Purchased Gas Adjustment (PGA) rates: gas purchases from suppliers; charges from pipeline companies to transport gas to our distribution system; gas storage costs; gas reserves costs; gas commodity derivative contracts; and renewable natural gas and its attributes.

including renewable thermal certificates. We expect that costs to comply with Washington's Climate Commitment Act (CCA) and any similar program that may be enacted in our service territory will be included in the cost of gas.

The NGD business employs a number of strategies to mitigate the cost of gas sold to customers. The primary strategies for managing gas commodity price risk include:

- negotiating fixed prices directly with gas suppliers;
- negotiating financial derivative contracts that: (1) effectively convert floating index prices in physical gas supply contracts to fixed prices (referred to as commodity price swaps); or (2) effectively set a ceiling or floor price, or both, on floating index priced physical supply contracts (referred to as commodity price options such as calls, puts, and collars);
- buying physical gas supplies at a set price and injecting the gas into storage for price stability and to minimize pipeline capacity demand costs; and
- investing in gas reserves for longer term price stability. See Note 13 for additional information about our gas reserves.

NW Natural also contracts with an independent energy marketing company to capture opportunities regarding storage and pipeline capacity when those assets are not serving the needs of NGD business customers. Asset management activities provide opportunities for cost of gas savings for customers and incremental revenues for NW Natural through regulatory incentive-sharing mechanisms. These activities, net of the amount shared, are included in other for segment reporting purposes.

Gas Cost Recovery

Mechanisms for gas cost recovery are designed to be fair and reasonable, with an appropriate balance between the interests of customers and NW Natural. In general, natural gas distribution rates are designed to recover the costs of, but not to earn a return on, the gas commodity sold. Risks associated with gas cost recovery are minimized by resetting customer rates annually through the PGA and aligning customer and shareholder interests through the use of sharing, weather normalization, and conservation mechanisms in Oregon. See Part II, Item 7, "Results of Operations—Regulatory Matters" and "Results of Operations—Business Segment—Natural Gas Distribution Operations—Cost of Gas".

Environmental Stewardship

Part of our gas supply strategy is working to reduce the carbon content and the environmental impacts of the energy we deliver. To that end, NW Natural developed and implemented an emissions screening tool that uses Environmental Protection Agency (EPA) data to calculate the relative emissions intensity of gas producer operations and prioritize purchases from lower emitting producers. In 2019, we began using this emissions intensity screening tool alongside other purchasing criteria such as price, creditworthiness and geographic diversity. We view this as a cost-neutral way to reduce carbon emissions associated with our natural gas supply.

NW Natural is focused on taking steps to lower its emissions on behalf of customers by purchasing environmental attributes that are generated by the production of renewable natural gas (RNG). Under Oregon Senate Bill 98, NW Natural can purchase RNG or invest in RNG facilities, which generate these environmental attributes known as Renewable Thermal Certificates (RTCs). In 2019, the Washington State legislature also passed a bill supporting RNG procurement, House Bill 1257. The RTCs work like renewable energy certificates, or RECs, used in electricity markets. RTCs are verified and certified by the Midwest Renewable Energy Tracking System (M-RETS). The M-RETS Renewable Thermal Tracking System issues one RTC for every dekatherm of RNG injected into the gas system. NW Natural enters into contracts for the purchase of RNG and RTCs either through periodic request for proposals or through formal offerings or informal requests. See Part II, Item 7, "Results of Operations—Regulatory Matters".

In addition to purchases of RNG, NW Natural is currently piloting a hydrogen blend in pipelines serving its Sherwood Operations and Training Center. NW Natural has tested a blend of 15% hydrogen and is now testing a blend of 20% hydrogen at that location. Additionally, NW Natural is focused on developing several hydrogen pilots for industrial and commercial customers to support their decarbonization goals.

NW Natural is subject to the requirements of the Washington CCA cap-and-invest program, and could be subject to additional programs currently under consideration in Oregon. NW Natural has modeled pathways to compliance with the CCA in its most recent IRP. While costs associated with each possible compliance pathway differ, we intend to pursue recovery of the costs associated with these programs in rates.

Transportation of Gas Supplies

NW Natural's gas distribution system is reliant on a single, bi-directional interstate transmission pipeline to bring gas supplies into the natural gas distribution system. Although dependent on a single pipeline, the pipeline's gas flows into the Portland metropolitan market from two directions: (1) the north, which brings supplies from the British Columbia and Alberta supply basins; and (2) the east, which brings supplies from Alberta as well as the U.S. Rocky Mountain supply basins.

NW Natural incurs monthly demand charges related to firm pipeline transportation contracts. These contracts have expiration dates ranging from 2024 to 2061. The largest pipeline agreements are with Northwest Pipeline. NW Natural actively works with

Northwest Pipeline and others to renew contracts in advance of expiration to ensure gas transportation capacity is sufficient to meet customer needs.

Rates for interstate pipeline transportation services are established by FERC within the U.S. and by Canadian authorities for services on Canadian pipelines.

Gas Distribution

Safety and the protection of employees, customers, and our communities are, and will remain, top priorities. NW Natural constructs, operates, and maintains its pipeline distribution system and storage operations with the goal of ensuring natural gas is delivered and stored safely, reliably, and efficiently.

NW Natural has one of the most modern distribution systems in the country with no identified cast iron pipe or bare steel main. Since the 1980s, NW Natural has taken a proactive approach to replacement programs and partnered with the OPUC and WUTC on progressive regulation to further safety and reliability efforts for the distribution system. In the past, NW Natural had a cost recovery program in Oregon that encompassed programs for cast iron replacement, bare steel replacement, transmission integrity management, and distribution integrity management programs as appropriate.

Natural gas distribution businesses are likely to be subject to greater federal and state regulation in the future. Additional operating and safety regulations from the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) are currently under development. In May 2023, PHMSA issued a notice of proposed rulemaking: Gas Pipeline Leak Detection and Repair. The proposed rulemaking includes congressional mandates from the PIPES (Protecting our Infrastructure of Pipelines and Enhancing Safety) Act of 2020 to reduce methane emissions from new and existing gas transmission, distribution, gathering, underground storage, and LNG facilities. In September 2023, PHMSA issued a notice of proposed rulemaking: Safety of Gas Distribution Pipelines and Other Pipeline Safety Initiatives. The proposed rulemaking requires operators to update distribution integrity management programs, emergency response plans, operations and maintenance manuals, and other safety practices.

North Mist Gas Storage Facility

The North Mist gas storage facility began operations in 2019. The North Mist facility provides long-term, no-notice underground gas storage service and is dedicated solely to Portland General Electric (PGE) under a 30-year contract with options to extend up to an additional 50 years upon mutual agreement of the parties. PGE uses the facility to fuel its gas-fired electric power generation facilities.

North Mist includes a reservoir providing 4.1 Bcf of available storage, a compressor station with a contractual capacity of 120,000 dekatherms of gas deliverability per day, no-notice service that can be drawn on rapidly, and a 13-mile pipeline to connect to PGE's Port Westward gas plants in Clatskanie, Oregon.

The facility is included in rate base under an established tariff schedule with revenues recognized consistent with the schedule. Billing rates are updated annually to the forecasted depreciable asset level and forecasted operating expenses.

While there are additional expansion opportunities in the Mist storage field, any expansion would be based on market demand, cost effectiveness, available financing, receipt of future permits, and other rights.

OTHER

Certain businesses and activities of NW Holdings and NW Natural are aggregated and reported as other for segment reporting purposes.

NW Natural

The following businesses and activities are aggregated and reported as other under NW Natural, a wholly-owned subsidiary of NW Holdings:

- 5.8 Bcf of the Mist gas storage facility contracted to other utilities, third-party marketers, and electric generators;
- natural gas asset management activities; and
- appliance retail center operations.

Mist Gas Storage

The Mist gas storage facility began operations in 1989. It is a 17.5 Bcf facility with 11.7 Bcf used to provide gas storage for the NGD business. The remaining 5.8 Bcf of the facility is contracted with other utilities, third-party marketers, and electric generators with these results reported in other.

The overall facility consists of seven depleted natural gas reservoirs, 21 injection and withdrawal wells, a compressor station, dehydration and control equipment, gathering lines, and other related facilities. The capacity at Mist provides multi-cycle gas storage services to customers in the interstate and intrastate markets. The interstate storage services are offered under a limited jurisdiction blanket certificate issued by FERC. Under NW Natural's interstate storage certificate with FERC, NW Natural is

required to file either a petition for rate approval or a cost and revenue study every five years to change or justify maintaining the existing rates for the interstate storage service. Intrastate firm storage services in Oregon are offered under an OPUC-approved rate schedule as an optional service to certain eligible customers. Gas storage revenues from the 5.8 Bcf are derived primarily from firm service customers who provide energy-related services, including natural gas distribution, electric generation, and energy marketing. The Mist facility benefits from limited competition as there are few storage facilities in the Pacific Northwest region. Therefore, NW Natural has the ability to acquire high-value, multi-year contracts.

Asset Management Activities

NW Natural contracts with an independent energy marketing company to provide asset management services, primarily through the use of natural gas commodity exchange agreements and natural gas pipeline capacity release transactions. The results of these activities are included in other, except for the asset management revenues allocated to NGD business customers pursuant to regulatory agreements, which are reported in the NGD segment.

NW Holdings

These include the following businesses and activities aggregated under NW Holdings:

- NW Natural Water Company, LLC (NWN Water) and its water and wastewater utility operations and water services business;
- NWN Water's equity investment in Avion Water Company, Inc.;
- NW Natural Renewables Holdings, LLC and its non-regulated renewable natural gas activities;
- a minority interest in the Kelso-Beaver Pipeline held by our wholly-owned subsidiary NNG Financial Corporation (NNG Financial); and
- holding company and corporate activities, including business development activities, as well as adjustments made in consolidation.

NW Natural Water

NWN Water currently serves an estimated 180,000 people through approximately 73,000 water and wastewater connections across five states. NWN Water continues to grow through customer additions within or near its service territories, and continues to pursue acquisitions. See further discussion about the status of water general rate cases in Part II, Item 7, "Results of Operations—Regulatory Matters—Water and Wastewater Utilities."

The water and wastewater utilities primarily serve residential and commercial customers. Water distribution operations are seasonal in nature with peak demand generally during warmer summer months, while wastewater is less seasonally affected. Entities generally operate in exclusive service territories with no direct competitors. Water distribution customer rates are regulated by state utility commissions while the wastewater businesses we own consist of some state regulated systems and some systems that are not rate regulated by utility commissions.

NWN Water launched its services business in April 2023. This business provides operations and maintenance services to water and wastewater system owners and works to create value by leveraging shared personnel, technology and expertise to support delivery of clean, reliable water at a reasonable cost. Today, NWN Water provides operations and maintenance services to nearly 20,000 connections.

NW Natural Renewables

NW Natural Renewables is an unregulated subsidiary of NW Natural Holdings established to pursue unregulated renewable natural gas activities. In September 2021, a subsidiary of NW Natural Renewables, NW Natural Ohio Renewable Energy, LLC (Ohio Renewables) and a subsidiary of EDL, a global producer of sustainable distributed energy, executed agreements to partially fund two production facilities that are designed to convert landfill waste gases to RNG (EDL Facilities). The EDL Facilities have been constructed, and testing and commissioning of these facilities is underway, but has been delayed. Upon each EDL Facility achieving full commercial operations, Ohio Renewables is committed to make cash payments of approximately \$25 million for each facility to partially fund the infrastructure required to condition biogas. Alongside these development agreements, Ohio Renewables and a subsidiary of EDL executed agreements for Ohio Renewables to purchase up to an annual specified amount of RNG produced by the EDL Facilities over a 20-year period. The agreements provide that either party may terminate the agreements and related transactions with respect to the subject facility if it does not reach commercial operations and the funding does not close by December 31, 2023, provided the terminating party has not failed to fulfill its obligations under such agreements, including with respect to achieving commercial operations.

Ohio Renewables has contracted to sell RNG produced by the EDL Facilities up to certain specified volumes in each of calendar years 2024 through 2026 to an investment-grade counterparty. Ohio Renewables additionally has contracted to sell a fixed-volume amount of RNG under a long-term agreement with an investment-grade utility beginning in 2025 and extending through 2042.

ENVIRONMENTAL MATTERS

Properties and Facilities

NW Natural owns, or previously owned, properties and facilities that are currently being investigated that may require environmental remediation and are subject to federal, state, and local laws and regulations related to environmental matters. These laws and regulations may require expenditures over a long time frame to address certain environmental impacts. Estimates of liabilities for environmental costs are difficult to determine with precision because of the various factors that can affect their ultimate disposition. These factors include, but are not limited to, the following:

- the complexity of the site;
- changes in environmental laws and regulations at the federal, state, and local levels;
- the number of regulatory agencies or other parties involved;
- new technology that renders previous technology obsolete, or experience with existing technology that proves ineffective;
- the level of remediation required;
- variations between the estimated and actual period of time that must be dedicated to respond to an environmentally-contaminated site; and
- the application of environmental laws that impose joint and several liabilities on all potentially responsible parties.

NW Natural has received recovery of a portion of such environmental costs through insurance proceeds, seeks the remainder of such costs through customer rates, and believes recovery of these costs is probable. In both Oregon and Washington, NW Natural has mechanisms to recover expenses. Oregon recoveries are subject to an earnings test. See Part II, Item 7, "Results of Operations—Regulatory Matters—Rate Mechanisms—Environmental Cost Deferral and Recovery", and Note 2 and Note 17 of the Consolidated Financial Statements in Item 8 of this report for more information.

Greenhouse Gas Matters

For information concerning greenhouse gas matters, see Part II, Item 7, "Results of Operations—Environmental Regulation and Legislation Matters."

HUMAN CAPITAL

Our core values of integrity, safety, caring, service ethic, and environmental stewardship guide how we engage with customers, stakeholders, shareholders, and communities. We actively work to foster these values in our employee culture and to nurture an inclusive and equitable environment that provides opportunities, prioritizes health and safety, encourages respect and trust, and supports growth and learning. We aim to recruit and retain employees who share our core values and reflect our communities.

Employees

At December 31, 2023, our workforce consisted of the following:

NW Natural:

Unionized employees ⁽¹⁾	614
Non-unionized employees	600
Total NW Natural	1,214

Other Entities:

Water and wastewater company employees	161
Other	5
Total other entities	166
Total Employees	1,380

⁽¹⁾ Members of the Office and Professional Employees International Union (OPEIU) Local No. 11, AFL-CIO.

NW Natural's labor agreement with members of OPEIU covers wages, benefits, and working conditions. In November 2019, NW Natural's unionized employees ratified a collective bargaining agreement that took effect on December 1, 2019 and extends to May 31, 2024, and thereafter from year to year unless either party serves notice of its intent to negotiate modifications to the collective bargaining agreement. In September 2023, OPEIU provided a notice of intent to negotiate, and negotiations are currently underway. During calendar year 2023, NW Natural did not incur any work stoppages (strikes or lockouts), and therefore, experienced zero idle days for the year.

Certain subsidiaries may receive services from employees of other subsidiaries. Those services are generally charged to the entity receiving those services. When such services involve regulated entities, those entities receiving services are generally charged rates pursuant to shared services agreements that are filed with the applicable state regulatory commission, as applicable.

Safety

Safety is one of our greatest responsibilities to employees. In managing the business, we strive to foster a safety culture focused on prevention, open communication, collaboration, and a strong service and safety ethic. We believe employee safety is critical to our success. A portion of executives' compensation is tied to achieving our identified safety metrics, and our Board of Directors regularly reviews company safety metrics and receives reports on matters of health and safety. NW Natural's health and safety policies and procedures are designed to comply with all applicable regulations, but we also work to go beyond compliance by striving to incorporate information we learn from benchmarking, peer reviews, and industry best practices.

As part of our commitment to employee health and safety, we maintain regular training programs, emergency preparedness procedures, and training and procedures to identify hazards and handle high-risk emergency situations. Employees complete classroom instruction and hands-on, scenario-based training at our training town facility in Oregon that allows employees to experience realistic situations in a controlled environment. We also host natural gas safety training events for first responders, which are designed to prepare those first responders and NW Natural field employees to deliver an integrated, seamless response in the event of an emergency that involves or affects the natural gas system. We also implemented a new learning management system that went live in early 2021 and provides more efficiency and flexibility in how we train.

Employee Benefits and Support

To attract employees and meet the needs of our workforce, NW Natural strives to offer competitive compensation and benefits packages to employees. The benefits package options vary depending on type of employee and date of hire. NW Natural continuously looks for ways to support employees' work-life balance and well-being and this is reflected in physical, mental and financial wellness programs to meet the needs of our employees and help them care for their families. Benefits available to employees during 2023 included, among others: healthcare and other insurance coverages, wellness resources, retirement and savings plans, paid time off programs, and flexible and hybrid work schedules, where possible, employee resource groups, and culture and community-focused resources and opportunities, and employee recognition programs and discounts.

Talent Attraction and Development

In order to implement our business strategy and serve our customers, we depend upon our continuing ability to attract and retain diverse, talented professionals and a technically skilled workforce, and being able to transfer the knowledge and expertise of our workforce to new and increasingly diverse employees as our older workforce retires. A significant portion of our workforce is currently eligible or will reach retirement eligibility within the next five years, and therefore, we are focused on efforts to attract, train, and retain appropriately qualified and skilled workers to prevent loss of institutional knowledge or skills gaps.

NW Natural seeks to provide its employees with growth and development opportunities through programs designed to build skills and relationships. These programs currently include: (i) a culturally relevant mentoring program that creates opportunities for career growth by building relationships; (ii) a tuition assistance program for qualified educational pursuits; (iii) an internal class that provides participants with a big-picture understanding of the industry and company operations, equipping them to see how they contribute to NW Natural's success and identify opportunities for career growth; (iv) internal and external continuing educational courses relevant to areas of expertise; and (v) ongoing management and leadership training programs.

We regularly monitor employee engagement and satisfaction through a variety of tools, including our annual engagement survey that is designed to enable company leaders to gather valuable feedback and guidance from employees.

Diversity, Equity and Inclusion

We have a longstanding commitment to creating a diverse and inclusive culture that reflects and supports the communities we serve, and believe a diverse, equitable, and inclusive workforce at all levels contributes to long-term success. Our efforts in recruiting, promoting, and retaining diverse talent, building inclusive teams, and creating a culture that embraces differences are at the core of our workforce strategy. To attract diverse candidates, we work with community partners to help promote awareness of job opportunities within diverse communities.

We have employee-led groups that develop programs and activities that build awareness around issues important to their co-workers, families, customers, and our community. Groups include the Diversity, Equity & Inclusion Council, Women's Network, African American, Rainbow Alliance (LGBTQ+), Veterans, Somos Unidos (Latinx), Asian American, and Neurodiversity employee resource groups, Wellness Advisory Committee, and Sustainability and Equity Engagement Team. We also continue to emphasize diversity, equity and inclusion values through employee training and education, including expanded diversity training as part of new hire onboarding and other diversity, equity, and inclusion education that occurs throughout the year. An area of focus going forward is to understand and increase awareness of internal systems and structures that could limit representation and equity for underrepresented employees. To that end, we are working toward revising and refocusing new manager and new hire training to include implicit bias, diversity, equity and inclusion, and anti-racism education.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

For information concerning executive officers, see Part III, Item 10.

AVAILABLE INFORMATION

NW Holdings and NW Natural file annual, quarterly and current reports and other information with the Securities and Exchange Commission (SEC). The SEC maintains an Internet site where reports, proxy statements, and other information filed can be read, copied, and requested online at its website (www.sec.gov). In addition, we make available, free of charge, on our website (www.nwnaturalholdings.com), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) and proxy materials filed under Section 14 of the Securities Exchange Act of 1934, as amended (Exchange Act), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We intend to use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor our website, in addition to following our press releases, SEC filings and public conference calls and webcasts. We have included our website address as an inactive textual reference only. Information contained on our website is not incorporated by reference into this annual report on Form 10-K.

NW Holdings and NW Natural have adopted a Code of Ethics for all employees, officers, and directors that is available on our website. We intend to disclose revisions and amendments to, and any waivers from, the Code of Ethics for officers and directors on our website. Our Corporate Governance Standards, Director Independence Standards, charters of each of the committees of the Board of Directors, and additional information about NW Holdings and NW Natural are also available at the website. Copies of these documents may be requested, at no cost, by writing or calling Shareholder Services, Northwest Natural Holding Company, 250 S.W. Taylor Street, Portland, Oregon 97204, telephone 503-220-2402.

ITEM 1A. RISK FACTORS

NW Holdings' and NW Natural's business and financial results are subject to a number of risks and uncertainties, many of which are not within our control, which could adversely affect our business, financial condition, and results of operations. Additional risks and uncertainties that are not currently known to us or that are not currently believed by us to be material may also harm our businesses, financial condition, and results of operations. When considering any investment in NW Holdings' or NW Natural's securities, investors should carefully consider the following information, as well as information contained in the caption "Forward-Looking Statements", Item 7A, and our other documents filed with the SEC. This list is not exhaustive and the order of presentation does not reflect management's determination of priority or likelihood. Additionally, our listing of risk factors that primarily affects one of our businesses does not mean that such risk factor is inapplicable to our other businesses.

Legal, Regulatory and Legislative Risks

REGULATORY RISK. *Regulation of NW Holdings' and NW Natural's regulated businesses, including changes in the regulatory environment, failure of regulatory authorities to approve rates which provide for timely recovery of costs and an adequate return on invested capital, or an unfavorable outcome in regulatory proceedings may adversely impact NW Holdings' and NW Natural's financial condition and results of operations.*

The OPUC and WUTC have general regulatory authority over NW Natural's gas business in Oregon and Washington. NW Holdings' regulated water utility businesses are generally regulated by the public utility commission in the state in which a water business is located. These public utility commissions have broad regulatory authority, including: the rates charged to customers; authorized rates of return on rate base, including ROE; the amounts and types of securities that may be issued by our regulated utility companies, like NW Natural; services our regulated utility companies provide and the manner in which they provide them; the nature of investments our utility companies make; deferral and recovery of various expenses, including, but not limited to, pipeline replacement, environmental remediation and compliance costs, capital, information technology and other investments, commodity hedging expense, and certain employee benefit expenses such as pension costs; transactions with affiliated interests; regulatory adjustment mechanisms such as weather adjustment mechanisms, and other matters. The OPUC also regulates actions investors may take with respect to our utility companies, NW Natural and NW Holdings. Similarly, FERC has regulatory authority over NW Natural's interstate storage services. Expansion of our businesses generally results in regulation by other regulatory authorities. For example, certain of NW Holdings' water companies are regulated in Idaho, Texas and Arizona.

The costs that are deemed recoverable in rates and prices regulators allow us to charge for regulated utility service, and the maximum FERC-approved rates FERC authorizes us to charge for interstate storage and related transportation services, are the most significant factors affecting both NW Natural's and NW Holdings' financial position, results of operations and liquidity. State utility regulators have the authority to disallow recovery of costs they find imprudently incurred or otherwise disallowed, and rates that regulators allow may be insufficient for recovery of costs we incur. We expect to continue to make expenditures to expand, improve and safely operate our gas and water utility distribution and gas storage systems, and to work toward decarbonizing our gas systems. Regulators can deny recovery of those costs. Furthermore, while each applicable state regulator has established an authorized rate of return for our regulated utility businesses, we may not be able to achieve the earnings level authorized. Moreover, in the normal course of business we may place assets in service or incur higher than expected levels of operating expense before rate cases can be filed to recover those costs (this is commonly referred to as regulatory lag). The failure of any regulatory commission to approve requested rate increases on a timely basis to recover costs or to allow an adequate return could adversely impact NW Holdings' or NW Natural's financial condition, results of operations and liquidity.

As companies with regulated utility businesses, we frequently have dockets open with our regulators, including a general rate case filed with the OPUC in December 2023. The regulatory proceedings for these dockets typically involve multiple parties, including governmental agencies, consumer, environmental, and other advocacy groups, and other third parties. Each party advocates for the interests that they represent, which may include lower rates, additional regulatory oversight over the company, limitations on growth or phasing out of the gas system, decisions that favor electrification, or advancing other interests. We cannot predict the timing or outcome of these proceedings, or the effects of those outcomes on NW Holdings' and NW Natural's results of operations and financial condition.

REGULATION, COMPLIANCE AND TAXING AUTHORITY RISK. *NW Holdings and NW Natural are subject to governmental regulation, and compliance with local, state and federal requirements, including taxing requirements, and unforeseen changes in or interpretations of such requirements could affect NW Holdings' or NW Natural's financial condition and results of operations.*

NW Holdings and NW Natural are subject to regulation by federal, state and local governmental authorities. We are required to comply with a variety of laws and regulations and to obtain authorizations, permits, approvals and certificates from governmental agencies in various aspects of our business. Significant changes in federal, state, or local governmental leadership can accelerate or amplify changes in existing laws or regulations, or the manner in which they are interpreted or enforced. For instance, the 2020 United States Presidential election resulted in leadership changes in many federal administrative agencies and resulted in a wide range of new policies, executive orders, rules, initiatives and other changes to fiscal, tax, regulation, environmental, climate and other federal policies, many of which have components that affect the energy sector. The 2024 presidential and congressional elections may result in additional significant changes that may impact NW Natural and NW Holdings. Similarly, we could continue to face significant legislative, regulatory and other policy changes at the state level or in the local jurisdictions in which we operate. In addition, foreign governments may implement changes to their policies, in response to changes to U.S. policy or otherwise. Although we cannot predict the impact, if any, of these changes to our businesses, they could adversely affect NW Holdings' or NW Natural's financial condition and results of operations. Until we know what policy changes are made and how those changes impact our businesses and the business of our competitors over the long term, we will not know if, overall, we will benefit from them or will be negatively affected by them.

We cannot predict changes in laws, regulations, interpretations or enforcement or the impact of such changes. Additionally, any failure to comply with existing or new laws and regulations could result in fines, penalties or injunctive measures. For example, under the Energy Policy Act of 2005, the FERC has civil authority under the Natural Gas Act to impose penalties for current violations of over \$1.5 million per day for each violation. In addition, as the regulatory environment for our businesses increases in complexity, the risk of inadvertent noncompliance may also increase. Changes in regulations, the imposition of additional regulations, and the failure to comply with laws and regulations could negatively influence NW Holdings' or NW Natural's operating environment and results of operations. There is uncertainty as to how our regulators will reflect the impact of the legislation and other government regulation in rates. The resulting ratemaking treatment may negatively affect NW Holdings' or NW Natural's financial condition and results of operations.

Additionally, changes in federal, state, local or foreign tax laws and their related regulations, or differing interpretations or enforcement of applicable law by a federal, state, local or foreign taxing authority, could result in substantial cost to us and negatively affect our results of operations. Tax law and its related regulations and case law are inherently complex and dynamic. Disputes over interpretations of tax laws may be settled with the taxing authority in examination, through programs like the Compliance Assurance Process (CAP), upon appeal or through litigation. Our judgments may include reserves for potential adverse outcomes regarding tax positions that have been or plan to be taken that may be subject to challenge by taxing authorities. Changes in laws, regulations or adverse judgments and the inherent difficulty in quantifying potential tax effects of business decisions may negatively affect NW Holdings' or NW Natural's financial condition and results of operations.

Furthermore, certain tax assets and liabilities, such as deferred tax assets and regulatory tax assets and liabilities, are recognized or recorded by NW Holdings or NW Natural based on certain assumptions and determinations made based on available evidence, such as projected future taxable income, tax-planning strategies, and results of recent operations. If these assumptions and determinations prove to be incorrect, the recorded results may not be realized, which may negatively impact the financial results of NW Holdings and NW Natural.

REPUTATIONAL RISKS. *To the extent that customers, legislators, or regulators have or develop a negative opinion of our businesses, NW Holdings' and NW Natural's financial position, results of operations and cash flows could be adversely affected.*

A number of factors can affect customers', legislators', regulators', and other third parties' perception of us or our business including: service interruptions or safety concerns due to failures of equipment or facilities or from other causes, and our ability to promptly respond to such failures; our ability to safeguard sensitive customer information; the timing and magnitude of rate increases; and volatility of rates. Customers', legislators', and regulators' opinions of us can also be affected by media coverage, including social media, which may include information, whether factual or not, that could damage the perception of natural gas, our brand, or our reputation.

Although we believe that natural gas serves an important role in helping our region reduce GHG emissions and move to a resilient lower-carbon energy system, certain advocacy groups have opposed the use of natural gas as a fuel source altogether and have pursued policies that limit, restrict, or impose additional costs on, the use of natural gas in a variety of contexts.

Concerns raised about the use of natural gas include the potential for natural gas explosions or delivery disruptions, methane leakage along production, transportation and delivery systems, and end-use equipment, and contribution of natural gas energy use to GHG emission levels and global warming. Similarly, concerns have also been raised regarding the use of RNG or hydrogen in place of conventional natural gas. In addition, studies and claims by advocacy groups contend that there are detrimental indoor public health effects associated with the use of natural gas, which may also impact public perception. Shifts in public sentiment due to these concerns or others that may be raised may impact further legislative initiatives, regulatory actions, and litigation, as well as behaviors and perceptions of customers, investors, lawmakers, and regulators.

If customers, legislators, regulators, or other third parties have or develop a negative opinion of us and our services, or of natural gas as an energy source generally, this could make it more difficult for us to achieve policy, legislative or regulatory outcomes supportive of our business. Negative opinions could also result in reduced customer growth, sales volumes reductions, increased use of other sources of energy, or difficulties in accessing capital markets. Any of these consequences could adversely affect NW Holdings' or NW Natural's financial position, results of operations and cash flows.

REGULATORY ACCOUNTING RISK. *In the future, NW Holdings or NW Natural may no longer meet the criteria for continued application of regulatory accounting practices for all or a portion of our regulated operations.*

If we can no longer apply regulatory accounting, we could be required to write off our regulatory assets and precluded from the future deferral of costs not recovered through rates at the time such amounts are incurred, even if we are expected to recover these amounts from customers in the future.

Public Health Risk

PUBLIC HEALTH RISK. *Public health threats, such as coronavirus (COVID-19) and the resulting economic conditions, or the emergence of other epidemic or pandemic crises, could materially and adversely affect NW Holdings' and NW Natural's business, results of operations, or financial condition.*

Public health threats, such as resurgences or mutations of COVID-19, could adversely affect our business by, among other things:

- impacting the health, safety, productivity and availability of our employees and contractors;
- disrupting our access to capital markets or increasing costs of capital affecting our liquidity in the future;
- reducing demand for natural gas, particularly from commercial and industrial customers that are suffering slow-downs or ultimately close completely due to pandemic effects;
- reducing customer growth and new meter additions due to less economic, construction or conversion activity;
- limiting our ability to collect on overdue accounts or disconnect gas service for nonpayment, beyond an amount or period of time acceptable to us;
- increasing our operating costs for emergency supplies, personal protective equipment, cleaning services and supplies, remote technology and other specific needs;
- impacting our capital expenditures if construction activities are suspended or delayed;
- sickening or causing a mandatory quarantine of a large percentage of our workforce, or key workgroups with specialized skill sets, impairing our ability to perform key business functions or execute our business continuity plans;
- impacting our or our contractors' or suppliers' ability to recruit and retain qualified personnel or otherwise impairing the functioning of our supply chain or ability to rely on third parties or business partners;
- adversely affecting the asset values of NW Natural's defined benefit pension plan or causing a failure to maintain sustained growth in pension investments over time, increasing our contribution requirements;
- limiting, delaying or curtailing entirely, public utility commissions' ability to approve or authorize applications or other requests we may make with respect to our regulated businesses;
- increasing volatility in the price of natural gas; and
- creating additional cybersecurity vulnerabilities due to ongoing heavy reliance on remote working.

The ultimate long-term impact of public health threats, such as the resurgence of COVID-19 or other pandemics, on our business cannot be predicted and will depend on factors beyond our knowledge or control, including economic effects, actions taken to mitigate its effects, and the extent to which normal economic and operating conditions can continue. Any of these factors could have an adverse effect on our business, outlook, financial condition, and results of operations and cash flows, which could be significant.

Growth and Strategic Risks

STRATEGIC TRANSACTION RISK. *NW Holdings' and NW Natural's ability to successfully complete strategic transactions is subject to significant risks, which could adversely affect NW Holdings' or NW Natural's financial condition, results of operations, and cash flows.*

From time to time, NW Holdings and NW Natural have pursued and may continue to pursue strategic transactions including mergers, acquisitions, combinations, divestitures, joint ventures, business development projects or other strategic transactions, including, but not limited to, investments in RNG projects on a regulated basis by NW Natural and on a non-regulated basis by NW Holdings, as well as acquisitions by NW Holdings in the water, wastewater and water services, or in the gas or other utility sectors. Any such transactions involve substantial risks, including the following:

- such transactions that are contracted for may fail to close for a variety of reasons;
- the result of such transactions may not produce revenues, earnings or cash flow at anticipated levels, which could, among other things, result in the impairment of any investments or goodwill associated with such transactions;
- acquired businesses or assets could have environmental, permitting, or other problems for which contractual protections prove inadequate;
- there may be difficulties in integration or higher than expected operation costs of new businesses;
- there may exist liabilities that were not disclosed to us, that exceed our estimates, or for which our rights to indemnification from the seller are limited;
- we may be unable to obtain the necessary regulatory or governmental approvals to close a transaction or receive approvals granted subject to terms that are unacceptable to us;
- we may be unable to achieve the anticipated regulatory treatment of any such transaction as part of the transaction approval or subsequent to closing the transaction; or
- we may be unable to avoid a disposition of assets for a price that is less than the book value of those assets.

One or more of these risks could affect NW Holdings' and NW Natural's financial condition, results of operations, and cash flows.

BUSINESS DEVELOPMENT RISK. *NW Holdings' and NW Natural's business development projects may not be successful or may encounter unanticipated obstacles, costs, changes or delays that could result in a project being unsuccessful or becoming impaired, which could negatively impact NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

Business development projects involve many risks. We are currently engaged in several business development projects, including, but not limited to, several water, wastewater, water services and RNG projects, non-regulated investments in RNG projects, and purchasing, marketing and reselling of RNG and its associated attributes. We may also engage in other business development projects such as investments in additional long-term gas reserves, CNG refueling stations, power to gas, power generation, hydrogen projects, carbon capture projects or other similar projects. Our business development activities are subject to uncertainties and changed circumstances and may not reach the scale expected, be successful or perform as anticipated. Additionally, we may not be able to obtain required governmental permits and approvals to complete our projects in a cost-efficient or timely manner, potentially resulting in delays or abandonment of the projects. We could also experience issues such as: technological challenges; ineffective scalability; failure to achieve expected outcomes; unsuccessful business models; startup and construction delays; construction cost overruns; disputes with contractors; the inability to negotiate acceptable agreements such as rights-of-way, easements, construction, gas supply or other material contracts; changes in customer demand, perception or commitment; public opposition to projects; marketing risk and changes in market regulation, behavior or prices, market volatility or unavailability, including markets for RNG and its associated attributes or other environmental attributes; the inability to receive expected tax or regulatory treatment; and operating cost increases. Additionally, we may be unable to finance our business development projects at acceptable costs or within a scheduled time frame necessary for completing the project. Any of the foregoing risks, if realized, could result in business development efforts failing to produce expected financial results and the project investment becoming impaired, and such failure or impairment could have an adverse effect on NW Holdings' or NW Natural's financial condition and results of operations.

JOINT PARTNER RISK. *Investing in business development projects through partnerships, joint ventures or other business arrangements affects our ability to manage certain risks and could adversely impact NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

We use joint ventures and other business arrangements to manage and diversify the risks of certain development projects and investments, including NW Natural's gas reserves agreements, certain RNG projects, and certain of NW Holdings' subsidiaries' unregulated RNG projects and water platform investments. For example, in 2020, NW Natural began a partnership with BioCarbN to invest up to an estimated \$38 million in four separate RNG development projects that access biogas derived from water treatment at Tyson Foods' processing plants, subject to approval by all parties. NW Holdings or NW Natural currently has and may further acquire or develop part-ownership interests in other projects in the future, including but not limited to, natural gas, water, wastewater, water services, RNG, or hydrogen projects. Under these arrangements, we may not be able to fully direct the management and policies of the business relationships, and other participants in those relationships may act contrary to our interests, including making operational decisions that could negatively affect our costs and liabilities. In addition, other participants may withdraw from the project, divest important assets, become financially distressed or bankrupt, be subject to additional regulatory or legal requirements, or have economic or other business interests or goals that are inconsistent with ours. We have in the past and may in the future become involved in disputes with our business partners, which could result in additional cost or divert management's attention.

NW Natural's gas reserves arrangements, which operate as a hedge backed by physical gas supplies, involve a number of risks, including: gas production that is significantly less than the expected volumes, or no gas volumes; operating costs that are higher than expected; inherent risks of gas production, including disruption to operations or a complete shut-in of the field; and one or more participants in one of these gas reserves arrangements becoming financially insolvent or acting contrary to NW Natural's interests. For example, Jonah Energy, the counterparty in NW Natural's gas reserves arrangement, no longer maintains any company credit ratings. Although NW Natural intends to continue monitoring Jonah Energy's financial condition and take appropriate actions to preserve NW Natural's interests, it does not control Jonah Energy's financial condition or continued performance under the gas reserves arrangement. The cost of the original gas reserves venture is currently included in customer

rates and additional wells under that arrangement are recovered at specific costs, the occurrence of one or more of these risks could affect NW Natural's ability to recover this hedge in rates. Further, new gas reserves arrangements have not been approved for inclusion in rates, and regulators may ultimately determine to not include all or a portion of future transactions in rates. The realization of any of these situations could adversely impact NW Holdings' or NW Natural's financial condition, results of operations and cash flows.

CUSTOMER GROWTH RISK. *NW Holdings' and NW Natural's NGD margin, earnings and cash flow may be negatively affected if we are unable to sustain customer growth rates in our NGD segment.*

NW Natural's NGD margins and earnings growth have largely depended upon the sustained growth of its residential and commercial customer base due, in part, to the new construction housing market, conversions of customers to natural gas from other energy sources and growing commercial use of natural gas. Building codes recently enacted and others under consideration in our territory may have the effect of reducing our natural gas customer growth rate. For example, effective February 1, 2021, building codes in Washington state require new residential homes to achieve higher levels of energy efficiency based on specified carbon emissions assumptions, which calculate electric appliances to have lower on-site GHG emissions than comparable gas appliances. This increases the cost of new home construction incorporating natural gas depending on a number of factors including home size, equipment configurations, and building envelope measures. Additionally, the Washington State Building Code Council (SBCC) voted in April 2022 to include updates in the state commercial building energy code that are expected to restrict or eliminate the use of gas space and water heating in new commercial construction. In November 2022, the SBCC voted to include updates to the state residential building energy code that restrict the use of gas space and water heating in residential construction, with certain exceptions including for natural gas-fired heat pumps and hybrid fuel systems. The SBCC commercial and residential rules were expected to become effective July 1, 2023, but the SBCC delayed implementation and has taken steps to modify those rules. The timeline for implementation of the modified rules, if any, is March, 2024 unless the legislature delays, rejects, or amends the new rules. Certain jurisdictions in Oregon and the State of Oregon are considering similar measures. While we expect these types of codes to be subject to legal challenge, and the new modified SBCC rules are currently subject to legal challenges, we cannot predict the outcome of any such challenge. Insufficient customer growth, for economic, political, public perception, policy, or other reasons could adversely affect NW Holdings' or NW Natural's utility margin, earnings and cash flows.

RISK OF COMPETITION. *Our NGD business is subject to increased competition which could negatively affect NW Holdings' or NW Natural's results of operations.*

In the residential and commercial markets, NW Natural's NGD business competes primarily with suppliers of electricity, fuel oil, and propane. In the industrial market, NW Natural competes with suppliers of all forms of energy. Competition among these forms of energy is based on price, efficiency, reliability, performance, market conditions, technology, federal, state and local governmental regulation, actual and perceived environmental impacts, and public perception. Technological improvements such as electric heat pumps, batteries or other alternative technologies, or building code or other regulations or restrictions affecting the cost or ability to use certain gas appliances, could erode NW Natural's competitive advantage. If natural gas prices are high relative to other energy sources, or if the cost, environmental impact or public perception of such other energy sources improves relative to natural gas, it may negatively affect NW Natural's ability to secure new customers or retain our existing customers, which could have a negative impact on our customer growth rate and NW Holdings' and NW Natural's results of operations.

Our natural gas storage operations compete primarily with other storage facilities and pipelines. Increased competition in the natural gas storage business could reduce the demand for our natural gas storage services, drive prices down for our storage business, and adversely affect our ability to renew or replace existing contracts at rates sufficient to maintain current revenues and cash flows, which could adversely affect NW Holdings' and NW Natural's financial condition, results of operations and cash flows.

Operational Risks

OPERATING RISK. *Transporting and storing gas and liquid fuels and distributing gas and liquid fuels and, water and wastewater involves numerous risks that may result in accidents and other operating risks and costs, some or all of which may not be fully covered by insurance, and which could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

NW Holdings and NW Natural are subject to all of the risks and hazards inherent in the businesses of gas and liquid transmission, distribution and storage, water distribution, and water and wastewater services including:

- earthquakes, wildfires, floods, storms, landslides and other severe weather incidents and natural hazards;
- leaks or losses of gases or liquids, or contamination of gases or liquids by chemicals or compounds, as a result of the malfunction of equipment or facilities or otherwise;
- operator errors or damages from third parties;
- negative performance by our storage reservoirs, facilities, or wells that could cause us to fail to meet expected or forecasted operational levels or contractual commitments to our customers or other third parties;
- problems maintaining, or the malfunction of, pipelines, biodigester facilities, wellbores and related equipment and facilities that form a part of the infrastructure that is critical to the operation of our facilities;

- presence of chemicals or other compounds in the gases or liquids we deliver that could adversely affect the performance of the system or end-use equipment;
- collapse of underground storage reservoirs;
- inadequate supplies of RNG, natural gas or water or contamination of water supplies;
- operating costs that are substantially higher than expected;
- supply chain disruptions, including unexpected price increases, or supply restrictions beyond the control of our suppliers;
- migration of gas through faults in the rock or to some area of the reservoir where existing wells cannot drain the gas effectively, resulting in loss of the gas;
- blowouts (uncontrolled escapes of gas from a pipeline or well) or other accidents, fires and explosions; and
- risks and hazards inherent in the drilling operations associated with the development of gas storage facilities, and wells.

For example, TC Pipelines, LP (TC Pipelines) has identified the presence of a chemical substance, dithiazine, at several facilities on the system of its subsidiary, Gas Transmission Northwest (GTN), and those of some upstream and downstream connecting pipeline facilities. A portion of NW Natural's gas supplies from Canada are transported on GTN's pipelines. TC Pipelines reports that dithiazine can drop out of gas streams in a powdery form at some points of pressure reduction (for example, at a regulator), and that in incidents where a sufficient quantity of the material accumulates in certain places, improper functioning of equipment can occur, which can result in increased preventative and corrective action costs. While NW Natural has not detected significant quantities of dithiazine on its system to date, we continue to monitor and could discover increased levels of dithiazine or other compounds on NW Natural's system that could affect the performance of the system or end-use equipment.

These and other operational risks could result in disruption of service, personal injury or loss of human life, damage to and destruction of property and equipment, pollution or other environmental damage, breaches of our contractual commitments, and may result in curtailment or suspension of operations, which in turn could lead to significant costs and lost revenues. Further, because our pipeline, storage and distribution facilities are in or near populated areas, including residential areas, commercial business centers, and industrial sites, any loss of human life or adverse financial outcomes resulting from such events could be significant. We could be subject to lawsuits, claims, and criminal and civil enforcement actions. Additionally, we may not be able to maintain the level or types of insurance we desire, and the insurance coverage we do obtain may contain large deductibles or fail to cover certain hazards or cover all potential losses. The occurrence of any operating risks not covered by insurance could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.

SAFETY REGULATION RISK. *NW Holdings and NW Natural may experience increased federal, state and local regulation of the safety of our systems and operations, which could adversely affect NW Holdings' or NW Natural's operating costs and financial results.*

The safety and protection of the public, our customers and our employees is and will remain our top priority. We are committed to consistently monitoring, maintaining, and upgrading our distribution systems and storage operations to ensure that RNG, natural gas and water is acquired, stored and delivered safely, reliably and efficiently. Natural gas operators are subject to robust, ongoing federal, state and local regulatory oversight, which intensifies in response to incidents. For example, the 2020 Protecting our Infrastructure of Pipelines and Enhancing Safety Act (PIPS Act) prompted PHMSA to issue three new rulemakings impacting transmission lines, gathering lines, and valve automation in response to past incidents in other parts of the country. Proposed rules issued in 2023 by PHMSA include regulations related to the detection and repair of leaks and safety of gas distribution pipelines.

In addition, our workplaces are subject to the requirements of the Department of Transportation, through the Federal Motor Carrier Safety Administration, and the Occupational Safety and Health Administration, as well as state and local statutes and regulations that regulate the protection of the health and safety of workers. The failure to comply with these requirements or general industry standards, including keeping adequate records or preventing occupational injuries or exposure, could expose us to civil or criminal liability, enforcement actions, and regulatory fines and penalties that may not be recoverable through our rates and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We intend to work diligently with industry associations and federal and state regulators to comply with these regulations and other new laws. We expect there to be increased costs associated with compliance, and those costs could be significant. If these costs are not recoverable in our customer rates, they could have a negative impact on NW Holdings' and NW Natural's operating costs and financial results.

RELIANCE ON THIRD PARTIES TO SUPPLY OR OPTIMIZE NATURAL GAS, RNG AND ENVIRONMENTAL ATTRIBUTES OR CREDITS RISK. *NW Natural relies on third parties to supply or optimize natural gas, RNG, storage or pipeline capacity, and environmental attributes or credits in its NGD segment, and limitations on NW Natural's ability to obtain supplies, engage in effective optimization, or failure to receive expected supplies, could have an adverse impact on NW Holdings' or NW Natural's financial results.*

NW Natural's ability to secure natural gas, RNG and environmental attributes or credits depends upon its ability to purchase and receive delivery of them from third parties. NW Natural, and in some cases its suppliers, does not have control over the availability of natural gas, RNG or environmental attributes or credits, competition for those supplies, disruptions in those supplies, priority allocations on transmission pipelines, markets for those supplies, or pricing and other terms related to such

supplies. Additionally, third parties on whom NW Natural relies may fail to deliver supplies for which it has contracted. For example, in October, 2018, a 36-inch pipeline near Prince George, British Columbia owned by Enbridge ruptured, disrupting natural gas flows from Canada into Washington while the ruptured pipeline and an adjacent pipeline were assessed and the ruptured pipeline was repaired. Once repaired, pressurization levels for those pipelines were reduced for a significant period of time for assessment and testing. If NW Natural is unable or limited in its ability to obtain natural gas, RNG or environmental attributes or credits from its current suppliers or new sources, it may not be able to meet customers' gas requirements or regulatory or compliance requirements, and would likely incur costs associated with actions necessary to mitigate service disruptions or regulatory compliance, which could significantly and negatively impact NW Holdings' and NW Natural's results of operations.

NW Natural also contracts with an independent energy marketing company to provide asset management services regarding storage and pipeline capacity when those assets are not serving the needs of NGD business customers. We may not be able to fully direct these transactions, or the counterparty to these arrangements may act contrary to our interests, become financially distressed or have economic or other business interests or goals that are inconsistent with ours. Failure to effectively optimize our assets could result in a negative impact on NW Holdings' and NW Natural's financial condition, revenues and results of operations.

SINGLE TRANSPORTATION PIPELINE RISK. *NW Natural relies on a single pipeline company for the transportation of gas to its service territory, a disruption, limitation, or inadequacy of which could adversely impact its ability to meet customers' gas requirements, which could significantly and negatively impact NW Holdings' and NW Natural's results of operations.*

NW Natural's distribution system is directly connected to a single interstate pipeline, which is owned and operated by Northwest Pipeline. The pipeline's gas flows are bi-directional, transporting gas into the Portland metropolitan market from two directions: (1) the north, which brings supplies from the British Columbia and Alberta supply basins; and (2) the east, which brings supplies from the Alberta and the U.S. Rocky Mountain supply basins. If there is a rupture or inadequate capacity in, or supplies to maintain adequate pressures in, the pipeline, NW Natural may not be able to meet its customers' gas requirements and we would likely incur costs associated with actions necessary to mitigate service disruptions, both of which could significantly and negatively impact NW Holdings' and NW Natural's results of operations.

THIRD PARTY PIPELINE RISK. *NW Natural's gas storage business depends on third-party pipelines that connect our storage facilities to interstate pipelines, the failure or unavailability of which could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

Our gas storage facilities are reliant on the continued operation of a third-party pipeline and other facilities that provide delivery options to and from our storage facilities. Because we do not own all of these pipelines, their operations are not within our control. If the third-party pipeline to which we are connected were to become unavailable for current or future withdrawals or injections of natural gas due to repairs, damage to the infrastructure, lack of capacity or other reasons, our ability to operate efficiently and satisfy our customers' needs could be compromised, thereby potentially having an adverse impact on NW Holdings' or NW Natural's financial condition, results of operations and cash flows.

WORKFORCE RISK. *NW Holdings' and NW Natural's businesses are heavily dependent on being able to attract and retain qualified employees and maintain a competitive cost structure with market-based salaries and employee benefits, and workforce disruptions could adversely affect NW Holdings' or NW Natural's operations and results.*

NW Holdings' and NW Natural's ability to implement our business strategy and serve our customers is dependent upon our continuing ability to attract and retain diverse, talented professionals and a technically skilled workforce, and being able to transfer the knowledge and expertise of our workforce to new and increasingly diverse employees as our largely older workforce retires. A significant portion of our workforce is currently eligible or will reach retirement eligibility within the next five years, which will require that we attract, train and retain skilled workers to prevent loss of institutional knowledge or skills gaps. We face competition for qualified personnel with specific skillsets. This competition may result in increased pressure on wages or other challenges in recruiting or retaining personnel. Without an appropriately skilled workforce, our ability to provide quality service and meet our regulatory requirements will be challenged and this could negatively impact NW Holdings' and NW Natural's earnings. Additionally, approximately half of NW Natural workers are represented by the OPEIU Local No. 11 AFL-CIO and are covered by a collective bargaining agreement that extends to May 31, 2024. Disputes with the union representing NW Natural employees over terms and conditions of their agreement, or failure to timely and effectively renegotiate the agreement upon its expiration, could result in instability in our labor relationship or other labor disruptions or work stoppages that could impact the timely delivery of gas and other services from our utility and storage facilities, which could strain relationships with customers and state regulators and cause a loss of revenues. The collective bargaining agreements may also limit our flexibility in dealing with NW Natural's workforce, and the ability to change work rules and practices and implement other efficiency-related improvements to successfully compete in today's challenging marketplace, which may negatively affect NW Holdings' and NW Natural's financial condition and results of operations.

Environmental Risks

ENVIRONMENTAL LIABILITY RISK. Certain of NW Natural's, and possibly NW Holdings', properties and facilities may pose environmental risks requiring remediation, the costs of which are difficult to estimate and which could adversely affect NW Holdings' and NW Natural's financial condition, results of operations, and cash flows.

NW Natural owns, or previously owned, properties that require environmental remediation or other action. NW Holdings or NW Natural may now, or in the future, own other properties that require environmental remediation or other action. NW Natural and NW Holdings accrue all material loss contingencies relating to these properties. A regulatory asset at NW Natural has been recorded for estimated costs pursuant to a deferral order from the OPUC and WUTC. In addition to maintaining regulatory deferrals, NW Natural settled with most of its historical liability insurers for only a portion of the costs it has incurred to date and expects to incur in the future. To the extent amounts NW Natural recovered from insurance are inadequate and it is unable to recover these deferred costs in utility customer rates, NW Natural would be required to reduce its regulatory assets which would result in a charge to earnings in the year in which regulatory assets are reduced. In addition, in Oregon, the OPUC approved the SRRM, which limits recovery of deferred amounts to those amounts which satisfy an annual prudence review and an earnings test that requires NW Natural to contribute additional amounts toward environmental remediation costs above approximately \$10 million in years in which NW Natural earns above its authorized ROE. To the extent NW Natural earns more than its authorized ROE in a year, it would be required to cover environmental expenses greater than the \$10 million with those earnings that exceed its authorized ROE. The OPUC ordered a review of the SRRM in 2018 or when we obtain greater certainty of environmental costs, whichever occurred first. We submitted information for review in 2018, and believe we could be subject to further review. Similarly, in October 2019, the WUTC authorized an ECRM, which allows for recovery of certain past deferred and future prudently incurred remediation costs allocable to Washington through application of insurance proceeds and collections from customers, subject to an annual prudence determination. These ongoing prudence reviews, or with respect to the SRRM, the earnings test, or the periodic review could reduce the amounts NW Natural is allowed to recover, and could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows. Moreover, we may have disputes with regulators and other parties as to the severity of particular environmental matters, what remediation efforts are appropriate, whether natural resources were damaged, and the portion of the costs or claims NW Natural or NW Holdings should bear. We cannot predict with certainty the amount or timing of future expenditures related to environmental investigations, remediation or other action, the portions of these costs allocable to NW Natural or NW Holdings, or disputes or litigation arising in relation thereto.

Environmental liability estimates are based on current remediation technology, industry experience gained at similar sites, an assessment of probable level of responsibility, and the financial condition of other potentially responsible parties. However, it is difficult to estimate such costs due to uncertainties surrounding the course of environmental remediation, the preliminary nature of certain site investigations, natural recovery of the site, unavoidable limitations associated with environmental investigations and remedial technologies, evolving science, and the application of environmental laws that impose joint and several liabilities on all potentially responsible parties. These uncertainties and disputes arising therefrom could lead to further adversarial administrative proceedings or litigation, with associated costs and uncertain outcomes, all of which could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.

ENVIRONMENTAL REGULATION COMPLIANCE RISK. NW Holdings and NW Natural are subject to environmental regulations, compliance with which or failure to comply with, could adversely affect our operations or financial results.

NW Holdings and NW Natural are subject to laws, regulations and other legal requirements enacted or adopted by federal, state and local governmental authorities relating to protection of the environment, including those legal requirements that govern discharges of substances into the air and water, the management and disposal of hazardous substances and waste, groundwater quality and availability, plant and wildlife protection, the emitting of greenhouse gases, and other aspects of environmental regulation. For example, our natural gas operations are subject to reporting requirements to a number of governmental authorities including, but not limited to, the Environmental Protection Agency (EPA), the Oregon Department of Environmental Quality (ODEQ), and the Washington State Department of Ecology regarding greenhouse gas emissions. We are also required to reduce emissions of GHGs over time in accordance with the Washington Climate Commitment Act. These and other current and future additional environmental regulations at the local, state or national level could result in increased compliance costs or additional operating restrictions, which may or may not be recoverable in customer rates, through insurance or otherwise. If these costs are not recoverable, or if these regulations reduce the desirability, availability, or cost-competitiveness of natural gas, they could have an adverse effect on NW Holdings' or NW Natural's operations or financial condition. Furthermore, failure to comply with such laws or regulations could subject us to possible enforcement actions, financial liability or litigation, any of which could adversely affect NW Holdings' or NW Natural's financial condition and results of operations.

GLOBAL CLIMATE CHANGE RISK. Our businesses may be subject to physical risks associated with climate change, all of which could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.

Climate change may cause physical risks, including an increase in sea level, intensified storms, water scarcity, wildfire susceptibility and intensity and changes in weather conditions, such as changes in precipitation, average temperatures and extreme wind or other extreme weather events or climate conditions. Moreover, a significant portion of the nation's gas

infrastructure is located in areas susceptible to storm damage that could be aggravated by wetland and barrier island erosion, which could give rise to gas supply interruptions and price spikes.

These and other physical changes could result in disruptions to natural gas production and transportation systems potentially increasing the cost of gas and affecting our natural gas businesses' ability to procure or transport gas to meet customer demand. These changes could also affect our distribution systems resulting in increased maintenance and capital costs, disruption of service, regulatory actions and lower customer satisfaction. Similar disruptions could occur in NW Holdings' water utility and unregulated RNG businesses. Additionally, to the extent that climate change adversely impacts the economic health or weather conditions of our service territory directly, it could adversely impact customer demand or our customers' ability to pay. Such physical risks could have an adverse effect on NW Holdings' or NW Natural's financial condition, results of operations, and cash flows.

PUBLIC PERCEPTION AND POLICY RISK. *Changes in public sentiment or public policy with respect to natural gas, including through local, state or federal laws or legislation or other regulation (including ballot initiatives, executive orders or regulatory codes) or litigation, could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

There are a number of international, federal, state, and local legislative, legal, regulatory and other initiatives being proposed and adopted in an attempt to measure, control or limit the effects of global warming and climate change, including greenhouse gas (GHG) emissions such as carbon dioxide, nitrous oxide, and methane. Legislation or other forms of public policy or regulation that aim to reduce GHG emissions at the federal, state, or local level have and could continue to take a variety of forms including, but not limited to, GHG emissions limits, reporting requirements, carbon taxes, requirements to purchase carbon credits, building codes, increased efficiency standards, additional charges to fund energy efficiency activities or other regulatory actions, and incentives or mandates to conserve energy, or use renewable energy sources. Federal, state, or local governments may provide tax advantages and other subsidies to support alternative energy sources, withdraw funding from fossil fuel sources, mandate the use of specific fuels or technologies, prohibit the use of natural gas, or promote research into new technologies to reduce the cost and increase the scalability of alternative energy sources. In 2021, the United States rejoined the Paris Agreement on Climate Change, and the United States Presidential administration has issued executive orders aimed at reducing GHG emissions, has declared climate change a national security priority, and continues to consider a wide range of policies, executive orders, rules, legislation and other initiatives to address climate change. For example, the Inflation Reduction Act of 2022 (IRA), was signed into law in August 2022 and includes a number of energy and climate related provisions including funding for the EPA to improve GHG reporting and enforcement, as well as a methane fee applicable to activities associated with gas production and processing facilities, transmission pipelines and certain storage facilities. The U.S. Congress may also pass federal climate change legislation in the future. Additionally, other federal agencies have taken or are expected to take actions related to climate change. For example, in March 2022, the Securities and Exchange Commission (SEC) proposed new rules relating to the disclosure of a range of climate-related matters, PHMSA has prepared regulations and other actions to limit methane emissions and the Commodities Futures Trading Commission (CFTC) has indicated it intends to take actions related to oversight of climate-related financial risks as pertinent to the derivatives and underlying commodities markets. Similarly, other federal agencies and regulations, including but not limited to the Consumer Products Safety Commission, the U.S. Department of Treasury, Federal Acquisitions Regulations, and others have indicated impending actions related to regulation related to climate change.

At the state level, the State of Washington has enacted the Climate Commitment Act (CCA), which establishes a comprehensive program that provides an overall limit for GHG emissions from major sources in the state that began on January 1, 2023 and declines yearly to 95% below 1990 levels by 2050. NW Natural is currently subject to the CCA. Similarly, in Oregon, in March 2020, the Oregon Governor issued an executive order (EO) establishing GHG emissions reduction goals and directing state agencies and commissions (including the ODEQ and the OPUC) to facilitate such GHG emission goals. In December 2021, the ODEQ concluded its process and issued final cap and reduce rules for the Climate Protection Program (CPP), which initially became effective January 1, 2022 and outlined GHG emissions reduction goals of 50% by 2035 and 90% by 2050 from a 2017-2019 baseline. The CPP was subsequently invalidated by the Oregon Court of Appeals in December 2023. Although NW Natural is not currently subject to the compliance requirements of the CPP, the ODEQ has stated that it intends to promulgate new rules covering GHG emissions, and we cannot predict the timing, scope or impact of such rules. We further expect that there will be additional efforts to address climate change in the 2024 legislative sessions in both Oregon and Washington and we cannot predict whether the legislatures will pass any climate related legislation and the potential impact any such legislation may have on the Company. In addition, the State of Washington is in the process of implementing, and the State of Oregon and some local jurisdictions are considering, building codes that could have the effect of disfavoring or disallowing natural gas in residential or commercial new construction or conversions, including locations within our service territory, such as the City of Eugene. A number of local and county jurisdictions are also proposing or passing renewable energy resolutions, green tariffs or other measures in an effort to accelerate renewable energy goals.

Such current or future legislation, regulation or other initiatives (including executive orders, ballot initiatives or ordinances) could impose on our natural gas businesses operational requirements or restrictions, additional charges to fund energy efficiency initiatives, or levy a tax based on carbon content. In addition, certain jurisdictions, including San Francisco, Seattle, and New York have enacted measures to ban or discourage the use of new natural gas hookups in residential or other buildings. Other jurisdictions, including several in our service territory, such as the city of Milwaukie, have considered or are currently considering similar restrictions or other measures discouraging the use of natural gas, such as limitations or bans on the use of natural gas in

new construction, requiring the conversion of buildings to electric heat, or adopting policies or incentives to encourage the use of electricity in lieu of natural gas. Such restrictions could adversely impact customer growth or usage and could adversely impact our ability to recover costs and maintain reasonable customer rates. In addition, certain states, cities, local jurisdictions and private parties have initiated lawsuits against companies related to climate change impacts, GHG emissions or climate-related disclosures. While NW Natural has not been subject to such litigation to date, such climate-related claims or actions could be costly to defend and could negatively impact our business, reputation, financial condition, and results of operations.

NW Natural believes natural gas has an important role in moving the Pacific Northwest to a lower carbon future, and to that end is developing programs and measures to reduce carbon emissions. However, NW Natural's efforts may not happen quickly enough to keep pace with legislation or other regulation, legal changes or public sentiment, or may be more costly or not be as effective as expected. Any of these initiatives, or our unsuccessful response to them, could result in us incurring additional costs to comply with the imposed policies, regulations, restrictions or programs, provide a cost or other competitive advantage to energy sources other than natural gas, reduce demand for natural gas, restrict our customer growth, impose costs or restrictions on end users of natural gas, impact the prices we charge our customers, increase the likelihood of litigation, impose increased costs on us associated with the adoption of new infrastructure and technology to respond to such requirements which may or may not be recoverable in customer rates, and could negatively impact public perception of our services or products that negatively diminishes the value of our brand, all of which could adversely affect NW Holdings' or NW Natural's business operations, financial condition and results of operations.

Business Continuity and Technology Risks

BUSINESS CONTINUITY RISK. *NW Holdings and NW Natural may be adversely impacted by local or national disasters, political unrest, terrorist activities, cyber-attacks or data breaches, and other extreme events to which we may not be able to promptly respond, which could adversely affect NW Holdings' or NW Natural's operations or financial condition.*

Local or national disasters, political unrest, terrorist activities, cyber-attacks and data breaches, power outages, and other extreme events are a threat to our assets and operations. Companies in critical infrastructure industries face a heightened risk due to being the target of, and having heightened exposure to, acts of terrorism or sabotage, including physical and security breaches of our physical infrastructure and information technology or operational technology systems in the form of cyber-attacks or other forms of attacks. These attacks could, among other things, target or impact our technology or mechanical systems that operate our distribution, transmission or storage facilities and result in a disruption in our operations, damage to our system and inability to meet customer requirements. In addition, the threat of terrorist activities could lead to increased economic instability and volatility in the price of RNG, natural gas or other necessary commodities that could affect our operations. Threatened or actual national disasters or terrorist activities may also disrupt capital or bank markets and our ability to raise capital or obtain debt financing, or impact our suppliers or our customers directly. Local disaster or civil unrest could result in disruption of our infrastructure or facilities, or part of our workforce being unable to operate or maintain our infrastructure or perform other tasks necessary to conduct our business. A slow or inadequate response to events may have an adverse impact on our operations and earnings. We may not be able to maintain sufficient insurance to cover all risks associated with local and national disasters, terrorist activities, cyber-attacks and other attacks or events. Additionally, large scale natural disasters or terrorist attacks could destabilize the insurance industry making the insurance we do have unavailable, which could increase the risk that an event could adversely affect NW Holdings' or NW Natural's operations or financial results.

RELIANCE ON TECHNOLOGY RISK. *NW Holdings' and NW Natural's efforts to integrate, consolidate and streamline each of their operations has resulted in increased reliance on technology, the failure of which could adversely affect NW Holdings' or NW Natural's financial condition and results of operations.*

NW Holdings and NW Natural have undertaken, and will continue to undertake, a variety of initiatives to integrate, standardize, centralize and streamline operations. These efforts have resulted in greater reliance on technological tools such as, at NW Natural: an enterprise resource planning system, technology associated with gas operations, a digital dispatch system, an automated meter reading system, a web-based ordering and tracking system, and other similar technological tools and initiatives. Our future success will depend, in part, on our ability to anticipate and adapt to technological changes in a cost-effective manner and to offer, on a timely basis, services that meet customer demands and evolving industry standards. New technologies may emerge that could be superior to, or may not be compatible with, some of our existing technologies, and may require us to make significant expenditures to remain competitive. We continue to implement technology to improve our business processes and customer interactions. In addition, our various existing information technology systems require periodic modifications, upgrades and/or replacement. For example, NW Natural has recently implemented upgrades to its SAP system and intends to replace its customer information system in the near future.

There are various risks associated with these systems in addition to upgrades and replacements, including hardware and software failure, communications failure, data distortion or destruction, unauthorized access to data, misuse of proprietary or confidential data, unauthorized control through electronic means, programming mistakes and other inadvertent errors or deliberate human acts. In addition, we are dependent on a continuing flow of important components and appropriately skilled individuals to maintain and upgrade our information technology systems. Our suppliers have faced disruptions due to COVID-19 and may face additional production or import delays due to natural disasters, strikes, lock-outs, political unrest, pandemics or other such circumstances. Technology services provided by third-parties also could be disrupted due to events and circumstances beyond our control which could adversely impact our business, financial condition and results of operations.

Any modifications, upgrades, system maintenance or replacements subject us to inherent costs and risks, including potential disruption of our internal control structure, substantial capital expenditures, additional administrative and operating expenses, retention of sufficiently skilled personnel to implement and operate the new systems, and other risks and costs of delays or difficulties in transitioning to new systems or of integrating new systems into our current systems. In addition, the difficulties with implementing new technology systems may cause disruptions in our business operations and have an adverse effect on our business and operations, if not anticipated and appropriately mitigated. There is also risk that we may not be able to recover all costs associated with projects to improve our technological capabilities, which may adversely affect NW Holdings' or NW Natural's financial condition and results of operations.

CYBERSECURITY RISK. *NW Holdings' and NW Natural's status as an infrastructure services provider coupled with its reliance on technology could result in a security breach which could adversely affect NW Holdings' or NW Natural's financial condition and results of operations.*

Although we take precautions to protect our technology systems and are not aware of any material security breaches to date, there is no guarantee that the procedures we have implemented to protect against unauthorized access to secured data and systems, including our operational technology and information technology systems, are adequate to safeguard against all security breaches or other cyberattacks. Additionally, the facilities and systems of clients, suppliers and third-party service providers also could be vulnerable to cyber risks and attacks, and such third party systems may be interconnected to our systems. Therefore, an event caused by cyberattacks or other malicious act at an interconnected third party could impact our business and facilities similarly. As these potential cyber security attacks become more common and sophisticated, we could be required to incur costs to strengthen our systems or maintain insurance coverage against potential losses. Moreover, a variety of regulatory agencies are increasingly focused on cybersecurity risks, and specifically in critical infrastructure sectors. For example, the Transportation Security Administration (TSA) has published security directives and is currently in the process of implementing formal rules mandating cybersecurity actions for critical pipeline owners and operators. Failure to meet the requirements of these directives or other cybersecurity regulations could result in fines or other penalties. We are continuing to evaluate the potential costs of implementation of these directives, and there is no assurance that we will be able to continue to recover in rates costs associated with such compliance.

In addition, our businesses could experience breaches of security pertaining to sensitive customer, employee, and vendor information maintained by us in the normal course of business, which could adversely affect our reputation, diminish customer confidence, disrupt operations, materially increase the costs we incur to protect against these risks, and subject us to possible financial liability or increased regulation or litigation. All of these risks could adversely affect NW Holdings' or NW Natural's financial condition and results of operations.

Financial and Economic Risks

HOLDING COMPANY DIVIDEND RISK. *As a holding company, NW Holdings depends on its operating subsidiaries, including NW Natural, to meet financial obligations and the ability of NW Holdings to pay dividends on its common stock is dependent on the receipt of dividends and other payments from its subsidiaries, including NW Natural.*

As a holding company, NW Holdings' only significant assets are the stock and membership interests of its operating subsidiaries, which at this time is primarily NW Natural. NW Holdings' direct and indirect subsidiaries are separate and distinct legal entities, managed by their own boards of directors, and 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 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.

In addition, the ability of NW Holdings' subsidiaries to pay upstream dividends and make other distributions is subject to applicable state law and regulatory restrictions. Under the OPUC and WUTC regulatory approvals for the holding company formation, 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 Holdings. Under the OPUC and WUTC orders authorizing the holding company reorganization, NW Natural may not pay dividends or make distributions to NW Holdings if NW Natural's credit ratings and common equity levels fall below specified ratings and levels. If NW Natural's long-term secured credit ratings are below A- for S&P and A3 for Moody's, dividends may be issued so long as NW Natural's common equity is 45% or above. If NW Natural's long-term secured credit ratings are below BBB for S&P and Baa2 for Moody's, dividends may be issued so long as NW Natural's common equity is 46% or above. Dividends may not be issued if NW Natural's long-term secured credit ratings fall to BB+ or below for S&P or Ba1 or below for Moody's, or if NW Natural's common equity is below 44%. The ratio is measured using common equity and long-term debt excluding imputed debt or debt-like lease obligations, and is determined on a preceding or projected 13-month basis.

EMPLOYEE BENEFIT RISK. *The cost of providing pension and postretirement healthcare benefits is subject to changes in pension assets and liabilities, changing employee demographics and changing actuarial assumptions, which may have an adverse effect on NW Holdings' or NW Natural's financial condition, results of operations and cash flows.*

Until NW Natural closed the pension plans to new hires, which for non-union employees was in 2006 and for union employees was in 2009, it provided pension plans and postretirement healthcare benefits to eligible full-time utility employees and retirees. Approximately 28% of NW Natural's current utility employees were hired prior to these dates, and therefore remain eligible for these plans. Other businesses we acquire may also have pension plans. The costs to NW Natural, or the other applicable businesses we may acquire, for providing such benefits is subject to change in the market value of the pension assets, changes in employee demographics including longer life expectancies, increases in healthcare costs, current and future legislative changes, and various actuarial calculations and assumptions. The actuarial assumptions used to calculate our future pension and postretirement healthcare expenses may differ materially from actual results due to significant market fluctuations and changing withdrawal rates, wage rates, interest rates and other factors. These differences may result in an adverse impact on the amount of pension contributions, pension expense or other postretirement benefit costs recorded in future periods. Sustained declines in equity markets and reductions in bond rates may have a material adverse effect on the value of the pension fund assets and liabilities. In these circumstances, NW Natural may be required to recognize increased contributions and pension expense earlier than it had planned to the extent that the value of pension assets is less than the total anticipated liability under the plans, which could have a negative impact on NW Holdings' and NW Natural's financial condition, results of operations and cash flows.

HEDGING RISK. *NW Holdings' and NW Natural's risk management policies and hedging activities cannot eliminate the risk of commodity price movements and other financial market risks, and hedging activities may expose us to additional liabilities for which rate recovery may be disallowed, which could result in an adverse impact on NW Holdings' and NW Natural's operating revenues, costs, derivative assets and liabilities and operating cash flows.*

NW Natural's gas purchasing requirements expose us to risks of commodity price movements, while NW Holdings' and NW Natural's use of debt and equity financing exposes us to interest rate, liquidity and other financial market risks. We attempt to manage these exposures with both financial and physical hedging mechanisms, including NW Natural's gas reserves transactions which are hedges backed by physical gas supplies and interest rate hedging arrangements at NW Holdings and NWN Water. While we have risk management procedures for hedging in place, they may not always work as planned and cannot entirely eliminate the risks associated with hedging. Additionally, our hedging activities may cause us to incur additional expenses to obtain the hedge. We do not hedge our entire interest rate or commodity cost exposure, and the unhedged exposure will vary over time. Gains or losses experienced through NW Natural's hedging activities, including carrying costs, generally flow through NW Natural's PGA mechanism or are recovered in future general rate cases. However, the hedge transactions NW Natural enters into for utility purposes are subject to a prudence review by the OPUC and WUTC, and, if found imprudent, those expenses may be, and have been previously, disallowed, which could have an adverse effect on NW Holdings' or NW Natural's financial condition and results of operations.

In addition, our actual business requirements and available resources may vary from forecasts, which are used as the basis for hedging decisions and could cause our exposure to be more or less than anticipated. Moreover, if NW Natural's derivative instruments and hedging transactions do not qualify for regulatory deferral or hedge accounting treatment under U.S. GAAP, NW Holdings' or NW Natural's results of operations and financial condition could be adversely affected.

NW Holdings and NW Natural also have credit and performance exposure to derivative counterparties. Counterparties owing NW Holdings, NW Natural or their respective subsidiaries money, physical natural gas, RNG or environmental attributes could breach their obligations. Should the counterparties to these arrangements fail to perform, we may be forced to enter into alternative arrangements to meet our normal business requirements. In that event, NW Holdings' or NW Natural's financial results could be adversely affected. Additionally, under most of NW Natural's hedging arrangements, a downgrade of its senior unsecured long-term debt credit rating could allow its counterparties to require NW Natural to post cash, a letter of credit or other form of collateral, which would expose NW Natural to additional costs and may trigger significant increases in borrowing from its credit facilities or equity contribution needs from NW Holdings, if the credit rating downgrade is below investment grade. Further, based on current interpretations, each of NW Holdings, NW Natural and NWN Water is not considered a "swap dealer" or "major swap participant" in 2023, so we are exempt from certain requirements under the Dodd-Frank Act. If we are unable to claim this exemption, we could be subject to higher costs for our derivatives activities, and such higher costs could have a negative impact on NW Holdings' and NW Natural's operating costs and financial results.

GAS PRICE RISK. *Higher natural gas commodity prices and volatility in the price of gas may adversely affect NW Natural's NGD business, whereas lower gas price volatility may adversely affect NW Natural's gas storage business, negatively affecting NW Holdings' and NW Natural's results of operations and cash flows.*

The cost of natural gas is affected by a variety of factors, including weather, changes in demand, the level of production and availability of natural gas supplies, transportation constraints, availability and cost of pipeline capacity, federal, state and local energy and environmental policy, regulation and legislation, natural disasters and other catastrophic events, national and worldwide economic and political conditions, and the price and availability of alternative fuels. In 2022 and 2023 there was increased pricing and volatility in the current and forward gas markets. At NW Natural, the cost we pay for natural gas is generally passed through to customers through an annual PGA rate adjustment. If gas prices were to increase significantly and remain higher, it could raise the cost of energy to NW Natural's customers, potentially causing those customers to conserve or switch to alternate sources of energy. Sustained significant price increases could also cause new home builders and commercial developers to select alternative energy sources. Decreases in the volume of gas NW Natural sells could reduce NW Holdings or

NW Natural's earnings, and a decline in customers could slow growth in future earnings. Additionally, notwithstanding NW Natural's current rate structure, higher gas costs could result in increased pressure on the OPUC or the WUTC to seek other means to reduce NW Natural's rates, which also could adversely affect NW Holdings' and NW Natural's results of operations and cash flows.

Temporary gas price increases can also adversely affect NW Holdings' and NW Natural's operating cash flows, liquidity and results of operations because a portion (10% or 20%) of any difference between the estimated average PGA gas cost in rates and the actual average gas cost incurred is recognized as current income or expense.

Temporary or sustained higher gas prices may also cause NW Natural to experience an increase in short-term debt and temporarily reduce liquidity because it pays suppliers for gas when it is purchased, which can be in advance of when these costs are recovered through rates. Significant increases in the price of gas can also slow collection efforts as customers experience increased difficulty in paying their higher energy bills, leading to higher than normal delinquent accounts receivable resulting in greater expense associated with collection efforts and increased bad debt expense.

INABILITY TO ACCESS CAPITAL MARKET RISK. *NW Holdings' or NW Natural's inability to access capital, or significant increases in the cost of capital, could adversely affect NW Holdings' or NW Natural's financial condition and results of operations.*

NW Holdings' and NW Natural's ability to obtain adequate and cost effective short-term and long-term financing depends on maintaining investment grade credit profiles, perceptions of our business in capital markets, and the existence of liquid and stable financial markets. NW Holdings relies on access to equity, debt, and bank markets to finance equity contributions to subsidiaries and other business requirements. NW Natural relies on access to capital and bank markets, including commercial paper and bond markets, to finance its operations, construction expenditures and other business requirements, and to refinance maturing debt that cannot be funded entirely by internal cash flows. Disruptions in capital markets, including but not limited to, pandemics, political unrest, inflationary pressures, recessionary pressures, or rising interest rates could adversely affect our ability to access short-term and long-term financing or refinance maturing indebtedness. Our access to funds under committed credit facilities, which are currently provided by a number of banks, is dependent on the ability of the participating banks to meet their funding commitments. Those banks may not be able to meet their funding commitments if they experience shortages of capital and liquidity. Disruptions in the bank or capital financing markets as a result of economic uncertainty, changing or increased regulation of the financial sector, or failure of major financial institutions, or disruptions in credit markets, could adversely affect NW Holdings' and NW Natural's access to capital and negatively impact our ability to run our businesses, achieve NW Natural's authorized rate of return, and make strategic investments.

Furthermore, recent trends toward investments that are perceived to be "green" or "sustainable" could shift capital away from, or increase the cost of capital for, our natural gas business. We believe our business is an important component of a low carbon future and are striving to decarbonize our systems. Nevertheless, perceptions in the financial markets could differ or outpace our decarbonization progress and result in a shift funding away from, or limit or restrict certain forms of funding for, natural gas businesses.

NW Natural is currently rated by S&P and Moody's and a negative change in its credit ratings, particularly below investment grade, could adversely affect its cost of borrowing and access to sources of liquidity and capital. Such a downgrade could further limit its access to borrowing under available credit lines. Additionally, downgrades in its current credit ratings below investment grade could cause additional delays in NW Natural's ability to access the capital markets while it seeks supplemental state regulatory approval, which could hamper its ability to access credit markets on a timely basis. NW Holdings' credit profile is largely supported by NW Natural's credit ratings and any negative change in NW Natural's credit ratings would likely negatively impact NW Holdings' access to sources of liquidity and capital and cost of borrowing. A credit downgrade to NW Natural, or resulting negative impact on NW Holdings, could also require additional support in the form of letters of credit, cash or other forms of collateral and otherwise adversely affect NW Holdings' or NW Natural's financial condition and results of operations.

IMPAIRMENT OF LONG-LIVED ASSETS OR GOODWILL RISK *Impairments of the value of long-lived assets or goodwill could have a material effect on NW Holdings' or NW Natural's financial condition, or results of operations.*

NW Holdings and NW Natural review the carrying value of long-lived assets other than goodwill whenever events or changes in circumstances indicate the carrying amount of the assets might not be recoverable. The determination of recoverability is based on the undiscounted net cash flows expected to result from the operation of such assets. Projected cash flows depend on the future operating costs and projected revenues associated with the asset.

We review the carrying value of goodwill annually or whenever events or changes in circumstances indicate that such carrying value may not be recoverable. A goodwill impairment analysis begins with a qualitative analysis of events and circumstances. If the qualitative assessment indicates that the carrying value may be at risk, we will perform a quantitative assessment and recognize a goodwill impairment for any amount in which the fair value of a reporting unit exceeds its fair value. NW Holdings' total goodwill was \$163.3 million as of December 31, 2023 and \$149.3 million as of December 31, 2022. All of our goodwill is related to water and wastewater acquisitions. There have been no impairments recognized for the water and wastewater acquisitions to date. Any impairment charge taken with respect to our long-lived assets or goodwill could be material and could have a material effect on NW Holdings' or NW Natural's financial condition and results of operations.

CUSTOMER CONSERVATION RISK. *Customers' conservation efforts may have a negative impact on NW Holdings' and NW Natural's revenues.*

An increasing national focus on energy conservation, including improved building practices and appliance efficiencies may result in increased energy conservation by customers. This can decrease NW Natural's sales of natural gas and adversely affect NW Holdings' or NW Natural's results of operations because revenues are collected mostly through volumetric rates, based on the amount of gas sold. In Oregon, NW Natural has a conservation tariff which is designed to recover lost utility margin due to declines in residential and small commercial customers' consumption. However, NW Natural does not have a conservation tariff in Washington that provides it this margin protection on sales to customers in that state. Similar conservation risks exist for water utilities. Customers' conservation efforts may have a negative impact on NW Holdings' and NW Natural's financial condition, revenues and results of operations.

ECONOMIC RISK. *Changes in the economy and in the financial markets may have a negative impact on our financial condition and results of operations.*

If an economic slowdown occurs, our financial condition, results of operations, and cash flows could be adversely affected. Moreover, fluctuations and uncertainties in the economy make it challenging for us to accurately forecast and plan future business activities and to identify risks that may affect our business, financial condition, and operating results. Changes in economic activity in our markets and in global financial markets can result lower demand for energy, increased incidence of customers' inability to pay or delay in paying utility bills or increase in customer bankruptcies, less new housing construction or fewer conversions to natural gas, higher levels of residential foreclosures or vacancies, uncertainty regarding energy prices and the capital and commodity markets, increased credit risk and supply chain uncertainty. We are evaluating and monitoring current economic conditions, which include but are not limited to: inflation, interest rates and rising commodity costs, recessionary pressures, banking environment and risk of further bank failure, heightened cybersecurity awareness, geopolitical uncertainty, including the ongoing conflicts in Europe and the Middle East, and supply chain disruptions. These and other macroeconomic conditions may adversely impact the markets in which we operate and could cause the local, national or global economy to enter a period of recession. We cannot predict the timing, strength, or duration of any future economic slowdown or recession. If the economy or the markets in which we operate decline from present levels, it may have an adverse effect on our business, financial condition, and results of operations.

WEATHER RISK. *Warmer than average weather may have a negative impact on our revenues and results of operations.*

We are exposed to weather risk in our natural gas business, primarily at NW Natural. A majority of NW Natural's gas volume is driven by gas sales to space heating residential and small commercial customers during the winter heating season. Current NW Natural rates are based on an assumption of average weather. Warmer than average weather typically results in lower gas sales. Colder weather typically results in higher gas sales. Although the effects of warmer or colder weather on utility margin in Oregon are expected to be mitigated through the operation of NW Natural's weather normalization mechanism, weather variations from normal could adversely affect utility margin because NW Natural may be required to purchase more or less gas at spot rates, which may be higher or lower than the rates assumed in its PGA. Additionally, extreme weather events, such as those that occurred in February 2021 and January 2024 can result in the purchase of higher levels of gas at significantly higher spot rates. Also, a portion of NW Natural's Oregon residential and commercial customers (usually less than 10%) have opted out of the weather normalization mechanism, and approximately 12% of its customers are located in Washington where it does not have a weather normalization mechanism. These effects could have an adverse effect on NW Holdings' and NW Natural's financial condition, results of operations and cash flows.

Water Business Risks

WATER SECTOR BUSINESS. *NW Holdings' water, wastewater and water services businesses are subject to a number of risks in addition to the risks described above.*

Although the water businesses are not currently expected to materially contribute to the results of operations of NW Holdings, these businesses are subject to risks, in addition to those described above, including:

- contamination of water supplies, including water provided to customers with naturally occurring or human-made substances or other hazardous materials, or disruptions to water treatment processes;
- interruptions in water supplies and service, weather conditions, natural disasters and droughts;
- insufficient water supplies, limitations on or disputes with respect to water rights or supplies, or the inability to secure water rights or supplies at a reasonable cost;
- disruptions to the wastewater collection and treatment process;
- reliance on third parties for water supplies and transportation of such water supplies;
- the ability to attract and retain customers to our water services business and competition for customers' business;
- conservation efforts by customers;
- regulatory and legal requirements, including environmental, health and safety laws and regulations;
- operational risks, including customer and employee safety; and
- the outcome of rate cases and other regulatory proceedings.

Significant losses, liabilities or impairments arising from these businesses may adversely affect NW Holdings' financial position or results of operations.

INVESTMENT RISK. *NW Holdings' expectations with respect to the financial results of its investments in water, wastewater and water services operations are based on various assumptions and beliefs that may not prove accurate, resulting in failures or delays in achieving expected returns or performance.*

NW Holdings' expansion into the water sector is an important component of its growth strategy. Although NW Holdings expects its water and wastewater utility operations and water services businesses will result in various benefits, including expanding customer bases, providing investment opportunities through infrastructure development and enhancing regulatory relationships within the local communities served, NW Holdings may not be able to realize these or other benefits. Achieving the anticipated benefits is subject to a number of uncertainties, including whether the businesses acquired can be operated in the manner intended and whether costs to finance the acquisitions and investments will be consistent with expectations, as well as whether investments in the water sector can reach scale in a reasonable period of time. Events outside of our control, including but not limited to regulatory changes or developments, could adversely affect our ability to realize the anticipated benefits from building NW Holdings' water platform. The integration of newly acquired water businesses, particularly over noncontiguous geographic regions, may be unpredictable, subject to delays or changed circumstances, and such businesses may not perform in accordance with our expectations. In addition, anticipated costs, level of management's attention and internal resources to achieve the integration of or operate the acquired businesses may differ significantly from our current estimates resulting in failures or delays in achieving expected returns or performance. We have previously acquired, and from time to time may make further investments in unregulated businesses on the water platform, including wastewater and water services businesses, which may result in additional uncertainty or volatility of earnings from these businesses. If NW Holdings' expectations regarding the financial results of its investments in water operations prove to be inaccurate, it may adversely affect NW Holdings' financial position or results of operations.

Non-Regulated RNG Risks

INVESTMENT RISK. *NW Holdings' expectations with respect to the financial results of its investments in non-regulated RNG investments are based on various assumptions and beliefs that may not prove accurate, resulting in failures or delays in achieving expected returns.*

NW Holdings' expansion into the non-regulated RNG business is an important component of its growth strategy. Although NW Holdings expects this expansion will result in various benefits, including providing cost-effective solutions to decarbonize the utility, commercial, industrial and transportation sectors, NW Holdings may not be able to realize these or other benefits. Achieving the anticipated benefits is subject to a number of uncertainties, including whether the investments can be made at an expected scale, whether the investments can be monetized in the manner intended, and whether costs to finance the investments will be consistent with expectations. Events outside of our control, including but not limited to market or regulatory changes or developments, could adversely affect our ability to realize the anticipated benefits from building NW Holdings' non-regulated RNG platform. The establishment and growth of a non-regulated RNG business may be unpredictable, subject to uncertainties or changed circumstances, and such business may not perform in accordance with our expectations. In addition, anticipated costs, level of management's attention and internal resources to achieve the integration of the acquired investments may differ significantly from our current estimates resulting in failures or delays in achieving expected returns or performance. As part of our business model, we may purchase RNG from third parties in a variety of structures, including on a volumes-produced basis. Conversely, we may sell RNG in a variety of structures, including on a fixed-volume basis. This model could result in a mismatch between our purchased RNG portfolio and RNG volumes we have contracted to sell at any one time, which could result in our obligation to procure additional RNG at then-market prices or to pay damages to satisfy RNG sales contracts to which we are a party, which amounts could be significant. For example, the RNG purchase contract between Ohio Renewables and a subsidiary of EDL is on a volumes-produced basis, whereas Ohio Renewables' contract for the sale of RNG from 2025 through 2042 is a fixed-volume contract. We could additionally experience technological challenges; ineffective scalability or inability to achieve production volumes consistent with our expectations and marketing arrangements; construction delays or cost overruns; disputes with third party business partners; risks related to markets for RNG and its associated attributes (including changes in market regulation, behavior, or prices); the inability to receive expected tax or regulatory treatment; unsuccessful business models; or unexpected operating costs. If NW Holdings' expectations regarding the financial results of its investments in non-regulated RNG prove to be inaccurate, it may adversely affect NW Holdings' financial position or results of operations.

RENEWABLES BUSINESS RISK. *NW Natural Renewables is an unregulated subsidiary of NW Holdings established to pursue unregulated renewable natural gas activities. These activities are subject to a number of risks in addition to the risks described above.*

Our Renewables business is subject to risks, in addition to those described above, including:

- unpredictable production levels or performance or gas quality below expected levels, which may impact our ability to accept or deliver RNG under our contractual agreements;
- construction risks or delays, including due to inclement weather, supply chain or labor disruptions or otherwise;
- cost overruns and the need to commit more capital than initially budgeted as a result of environmental, construction, technological or other complications;
- weather conditions;
- changes in energy commodity prices, including pricing of, and volatility in markets for, RNG and its associated attributes;
- equipment failure, difficulties or delays in repairing or replacing equipment, technical difficulties or otherwise higher than expected operating costs;

- regulatory, policy, and legal requirements, including environmental, health and safety laws and regulations or regulations that may impact the value of RNG and its associated attributes or our ability to deliver RNG in the manner contemplated under our contractual arrangements;
- changes to laws or policies that may reduce demand for, or desirability of, RNG or its associated attributes;
- reliance on third parties, including for pipeline interconnection and for a sufficient supply of waste for conversion to RNG;
- catastrophic events such as fires, explosions, earthquakes, droughts, acts of terrorism and other force majeure events that may impact the Renewables business, its customers, suppliers, or other business partners; and
- failures or delays in obtaining necessary land rights, permits, approvals or other consents required to construct and operate projects.

Significant losses, liabilities or impairments arising from these businesses may adversely affect NW Holdings' financial position or results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We have no unresolved staff comments.

ITEM 1C. CYBERSECURITY

Processes of Addressing Cybersecurity Threats

Cybersecurity is critical to our business. As an energy infrastructure company, we face a variety of cybersecurity threats that range from attacks common to most industries, such as ransomware and denial-of-service, to attacks from more advanced and persistent, highly organized adversaries, including nation state actors, that target critical infrastructure sectors. We recognize the critical importance of maintaining the safety and security of our systems and data and have a holistic process for overseeing and managing cybersecurity and related risks. The process is supported by management and overseen by our board of directors.

One of the tools used by management and our Board of Directors in managing business risks is an annual enterprise risk management (ERM) assessment to identify and manage key existing and emerging risks our company faces. Our ERM process is designed to identify significant risks relevant to the company and assess the characteristics and circumstances of the risks to identify both the potential impacts to our company of a particular risk and the velocity with which the risk may manifest. Cybersecurity is among the risks identified in our ERM assessment and has been embedded in the Company's operating procedures, internal controls and information systems.

In addition to our overall ERM process, we have developed and implemented a cybersecurity risk management program and processes intended to detect, assess, manage, and develop resiliency against material risks from cybersecurity threats. Our cybersecurity program utilizes a risk-based approach and includes written cybersecurity and information technology processes and procedures, including a cybersecurity incident response plan that involves procedures for responding to cybersecurity incidents. We design and assess our program informed by various cybersecurity frameworks, such as the National Institute of Standards and Technology (NIST) and leverage a widely-adopted risk assessment model to identify, measure and prioritize cybersecurity and technology risks. The goal of our program is to prevent, identify, escalate, investigate, resolve and recover from identified incidents and security incidents in a timely manner.

Our cybersecurity program also incorporates intelligence sharing capabilities about emerging threats within the utility industry and other industries through collaboration with peer companies and specialized consultants and advisors, public-private partnerships with government intelligence agencies, including the FBI, CISA, and the Department of Energy Office of Cybersecurity, Energy Security and Emergency Response, and geopolitical briefings. We also leverage third-party benchmarking, the results from regular internal and third-party audits, technology partner resources, threat intelligence feeds, and other similar resources to inform our cybersecurity processes and allocate resources.

Beginning in May 2021, the Department of Homeland Security's (DHS) Transportation Security Administration (TSA) released two directives, with several updates, applicable to certain owners and operators of pipeline facilities, including NW Natural. These directives cumulatively required owners and operators to implement cybersecurity incident reporting to the DHS, designate two cybersecurity coordinators, and perform a gap assessment of current entity cybersecurity practices against certain voluntary TSA security guidelines and report relevant results and proposed mitigation to applicable DHS agencies; implement a significant number of specified cyber security controls and processes; and clarifying Operational Technology (OT) scope and providing a risk- and outcome-based framework. We made significant additional and accelerated investments in cybersecurity in response to the TSA directives.

Our cybersecurity program has several fundamental tenants, including security governance, cybersecurity risk management, compliance, defensibility, zero-trust architecture and cloud security. We utilize multilayered defenses and continuous monitoring with data analytics to detect anomalies and search for cyber threats in our system.

Key components of our cybersecurity risk management program include:

- risk assessments designed to help identify cybersecurity risks to our critical systems, information, services, and our broader technology environment;
- the use of external service providers with specific expertise, where appropriate, to assess, test or otherwise assist with aspects of our security processes;
- cybersecurity awareness training of our employees, incident response personnel and senior management, as well as periodic experiential learning through "phishing simulations";
- segmentation of, and back-ups for, certain of our sensitive systems and data;
- third-party cyber risk management process for vendors including, among other things, a security assessment, contracting program, and ongoing monitoring for vendors based on their risk profile;
- physical security around our sensitive infrastructure and cybersystems.

In accordance with our program and processes, we regularly assess risks from cybersecurity and technology threats and monitor our information systems for potential vulnerabilities. We conduct regular reviews and tests of our information security program and also utilize audits by our internal audit team and third-party consultants, table-top exercises, penetration and vulnerability testing, data recovery testing, simulations, and other exercises to evaluate the effectiveness of our information security program and improve our security measures and planning. We are continuously working to evolve our oversight processes to mature how we identify and manage cybersecurity risks, and we perform periodic maturity assessments to measure our progress.

As a regulated energy infrastructure company, for decades we have used an incident command system (ICS) as a standardized approach to the command, control and coordination of a variety of emergency situations. In the event of emergencies, including cybersecurity events, we stand up an Incident Command Team to respond to the emergency. We exercise and train the ICT for a variety of emergencies, including, cyber events on a regular basis.

At this time, we have not identified any risks from known previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations or financial condition. With a majority of our business in energy and infrastructure, we face sophisticated and rapidly evolving attempts to overcome our security measures and protections. The occurrence of both intentional and unintentional incidents could occur in the future. We face certain ongoing risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. See Item 1A, "Risk Factors" above for additional information on risks related to our business, including for example risks related to cyber attacks, information and system breaches, and technology disruptions and failures, our reliance on technology.

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated oversight of cybersecurity and other information technology risks to the Audit Committee. The Audit Committee oversees management's implementation of the cybersecurity risk management program.

The Audit Committee receives regular reports from management on our cybersecurity risks. Additionally, management updates the Audit Committee as necessary, regarding any cybersecurity incidents. The Audit Committee reports to the full Board regarding the Audit Committee's areas of oversight, including those related to cybersecurity. The full Board also receives briefings from management on our cybersecurity risk management program periodically. Additionally, our Board receives presentations on cybersecurity topics from our IT management team or external experts as part of the Board's ongoing education.

Our management team, including our Cybersecurity management team, has primary responsibility for our overall cybersecurity risk management program, and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our Cybersecurity management team has been led, since 2017, by our Vice President, Chief Information Officer, who also functions as our Chief Information Security Officer and reports to our CEO. Mr. Downing has an extensive career of 29 years in information technology services in the energy sector, including at WorleyParsons, British Petroleum and Schlumberger. He holds a degree in Information Systems as well as a Masters of Business Administration.

Mr. Downing is supported by Mr. Carlson, our Director of Cybersecurity and Compliance, and his team. Mr. Carlson has 24 years of experience in information technology focused on highly regulated sectors including energy, government, and insurance. He holds a bachelor's degree in Information Technology, and master's degrees in Information Assurance and Business Administration. The remainder of our team is comprised of cybersecurity professionals with broad experience and expertise, including in cybersecurity, threat assessments and detection, mitigation technologies, cybersecurity training, incident response, cyber forensics, insider threats and regulatory compliance. Collectively our team has certifications from various organizations such as American Society for Industrial Security, AXELOS, Cloud Security Alliance, Information Systems Audit and Control Association, International Information System Security Certification Consortium and SANS Institute.

Our cybersecurity and compliance team regularly collects data on cybersecurity threats and risk areas, monitors our systems, and conducts testing to assess our processes and procedures and the threat landscape. The CIO receives regular updates on cybersecurity matters, results of mitigation efforts and cybersecurity incident response and remediation.

In the event of an incident, we intend to utilize our ICT and follow our detailed incident program and processes, which outlines the steps to be followed from incident detection to mitigation, recovery and notification, including notifying relevant functional areas, as well as senior leadership and the Board, as appropriate.

ITEM 2. PROPERTIES

NW Natural's Natural Gas Distribution Properties

NW Natural's natural gas pipeline system consists of approximately 14,300 miles of distribution mains, approximately 700 miles of transmission mains and approximately 10,300 miles of service lines located in its territory in Oregon and southwest Washington. In addition, the pipeline system includes service regulators and meters, as well as district regulators and metering stations. Natural gas pipelines are located in public rights-of-way pursuant to franchise agreements, ordinances, or other legal rights, or on lands of others pursuant to easements obtained from the owners of such lands. NW Natural also holds permits for the crossing of numerous railroads, navigable waterways and smaller tributaries throughout our entire service territory.

NW Natural owns service building facilities in Portland, Oregon, as well as various satellite service centers, garages, warehouses, and other buildings necessary and useful in the conduct of its business. Resource centers are maintained on owned or leased premises at convenient points in the distribution system to provide service within NW Natural's service territory.

NW Natural commenced a 20-year lease in March 2020 for a headquarters and operations center in Portland, Oregon.

NW Natural's Mortgage and Deed of Trust (Mortgage) is a first mortgage lien on certain gas properties owned from time to time by NW Natural, including substantially all of the property constituting NW Natural's natural gas distribution plant balances.

These properties are used in the NGD segment.

NW Natural's Natural Gas Storage Properties

NW Natural holds leases and other property interests in approximately 12,000 net acres of underground natural gas storage in Oregon and easements and other property interests related to pipelines associated with these facilities. NW Natural owns rights to depleted gas reservoirs near Mist, Oregon that are continuing to be developed and operated as underground gas storage facilities. NW Natural also holds all future storage rights in certain other areas of the Mist gas field in Oregon in addition to other leases and property interests.

NW Natural owns LNG storage facilities in Portland and near Newport, Oregon.

A portion of these properties are used in the NGD segment.

NWN Water's Distribution Properties

NWN Water owns and maintains water distribution pipes, storage, wells and other infrastructure and wastewater treatment facilities, and holds related leases and other property interests in Oregon, Washington, Idaho, Texas and Arizona. Pipelines are located in municipal streets or alleys pursuant to franchise or occupation ordinances, in county roads or state highways pursuant to agreements or permits granted pursuant to statute, or on lands of others pursuant to easements obtained from the owners of such lands. These properties are used by entities that are aggregated and reported as other under NW Holdings.

We consider all of our properties currently used in our operations, both owned and leased, to be well maintained, in good operating condition, and, along with planned additions, adequate for our present and foreseeable future needs.

ITEM 3. LEGAL PROCEEDINGS

Other than the proceedings disclosed in Note 17, we have only nonmaterial litigation in the ordinary course of business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

NW Holdings' common stock is listed and trades on the New York Stock Exchange under the symbol NWN.

There is no established public trading market for NW Natural's common stock.

As of February 14, 2024, there were 4,060 holders of record of NW Holdings' common stock and NW Holdings was the sole holder of NW Natural's common stock.

The following table provides information about purchases of NW Holdings' equity securities that are registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, during the quarter ended December 31, 2023:

Period	Issuer Purchases of Equity Securities			Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	
Balance forward				2,124,528 \$ 16,732,648
10/01/23-10/31/23	— \$ —	—	—	—
11/01/23-11/30/23	— \$ —	—	—	—
12/01/23-12/31/23	— \$ —	—	—	—
Total	<u>—</u>	<u>—</u>	<u>2,124,528</u>	<u>\$ 16,732,648</u>

⁽¹⁾ During the quarter ended December 31, 2023, no shares of NW Holdings common stock were repurchased pursuant to the NW Holdings Board of Directors-approved share repurchase program. Effective August 3, 2022, we received NW Holdings Board approval to extend the repurchase program. Such authorization will continue until the program is used, terminated or replaced. For more information on this program, see Note 5.

ITEM 6. RESERVED

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's assessment of NW Holdings' and NW Natural's financial condition, including the principal factors that affect results of operations. The discussion covers the years ended December 31, 2023, 2022, and 2021 and refers to the consolidated results of NW Holdings, the substantial majority of which consist of the operating results of NW Natural. When significant activity exists at NW Holdings that does not exist at NW Natural, additional disclosure has been provided. References in this discussion to "Notes" are to the Notes to the Consolidated Financial Statements in Item 8 of this report.

NW Natural's natural gas distribution activities are reported in the natural gas distribution (NGD) segment. The NGD segment also includes NWN Gas Reserves, which is a wholly-owned subsidiary of Energy Corp, the NGD-portion of NW Natural's Mist storage facility in Oregon, and NW Natural RNG Holding Company, LLC. NW Natural RNG Holding Company, LLC holds investments in Lexington Renewable Energy, LLC and Dakota City Renewable Energy LLC, which are accounted for under the equity method. Other activities aggregated and reported as other at NW Natural include the non-NGD storage activity at Mist as well as asset management services and the appliance retail center operations. Other activities aggregated and reported as other at NW Holdings include NNG Financial's investment in Kelso-Beaver Pipeline (KB Pipeline); NW Natural Renewables Holdings, LLC and its non-regulated renewable natural gas activities; and NWN Water, which through itself or its subsidiaries, owns and continues to pursue investments in the water, wastewater, and water services sectors. See Note 4 for further discussion of our business segment and other, as well as our direct and indirect wholly-owned subsidiaries.

NON-GAAP FINANCIAL MEASURES. In addition to presenting the results of operations and earnings amounts in total, certain financial measures are expressed in cents per share, which are non-GAAP financial measures. All references in this section to earnings per share (EPS) are on the basis of diluted shares. We use such non-GAAP financial measures to analyze our financial performance because we believe they provide useful information to our investors, analysts, and creditors in evaluating our financial condition and results of operations. Our non-GAAP financial measures should not be considered a substitute for, or superior to, measures calculated in accordance with U.S. GAAP. Moreover, these non-GAAP financial measures have limitations in that they do not reflect all the items associated with the operations of the business as determined in accordance with GAAP. Other companies may calculate similarly titled non-GAAP financial measures differently than how such measures are calculated in this report, limiting the usefulness of those measures for comparative purposes. A reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure is provided below.

	2023	2022	2021
Diluted EPS - Total ⁽¹⁾	\$ 2.59	\$ 2.54	\$ 2.56
Diluted EPS - NGD segment ⁽²⁾	2.59	2.34	2.24
Diluted EPS - NW Holdings - other ⁽²⁾	—	0.20	0.32

⁽¹⁾ Total Diluted EPS is equal to the sum of Diluted EPS - NGD segment and Diluted EPS - NW Holdings – other.

⁽²⁾ Non-GAAP financial measure

EXECUTIVE SUMMARY

NW Holdings' financial results and highlights for the year include:

- Reported net income of \$93.9 million or \$2.59 per share (diluted) for 2023 compared to \$86.3 million or \$2.54 per share (diluted) in the prior year
- Added over 15,000 gas and water utility connections in the last 12 months for a combined growth rate of 1.8% as of December 31, 2023 mainly driven by strong water acquisitions and combined organic growth;
- Invested \$327.3 million in natural gas and water utility systems to support growth, enhance reliability and resiliency, and upgrade technology;
- Scored second in the West among large utilities in the 2023 J.D. Power Gas Utility Residential Customer Satisfaction Study, making this the 20 consecutive year customers have ranked NW Natural among the top two utilities;
- Filed an Oregon general rate case for NW Natural requesting a \$154.9 million revenue requirement increase to support system investments and cost increases;
- Closed four water utility acquisitions in 2023, launched our water services business and continued to increase our investment in the largest privately owned water utility in Oregon;
- Increased our dividend for the 68th consecutive year to an annual indicated dividend rate of \$1.95 per share.

Key financial highlights for NW Holdings include:

In millions	2023		2022		2021	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
Consolidated net income	\$ 93.9	\$ 2.59	\$ 86.3	\$ 2.54	\$ 78.7	\$ 2.56

Key financial highlights for NW Natural include:

In millions	2023		2022		2021	
	Amount	Amount	Amount	Amount	Amount	Amount
Consolidated net income	\$ 104.7	\$ 91.6	\$ 81.2	\$ 81.2	\$ 81.2	\$ 81.2
Natural gas distribution margin	575.0	505.9	479.8	479.8	479.8	479.8

2023 COMPARED TO 2022. Consolidated net income increased \$13.2 million at NW Natural primarily due to the following factors:

- \$69.1 million increase in NGD segment margin driven by new rates in Oregon and Washington, actual gas prices that were lower than what was estimated in the 2022-2023 PGA, amortization of deferred balances (which is mostly offset in operations and maintenance expenses and interest expense), and customer growth; and
- \$15.8 million increase in other income, net primarily due to interest income from invested cash and the equity portion of AFUDC, and lower pension costs; partially offset by
- \$39.8 million increase in operations and maintenance expenses due to higher payroll costs, higher contract labor, the amortization of deferred balances (which is mostly offset in revenues), information technology costs and amortization expense related to cloud computing arrangements;
- \$14.3 million increase in interest expense, net primarily due to higher long-term debt balances;
- \$6.5 million increase in depreciation expense due to additional capital investments;
- \$4.8 million increase in general taxes primarily driven by higher property and payroll taxes; and
- \$4.6 million increase in income tax expense due to higher pre-tax income.

Consolidated net income increased \$7.6 million at NW Holdings primarily due to the following factors:

- \$13.2 million increase in consolidated net income at NW Natural as discussed above; partially offset by
- \$5.6 million decrease in other net income primarily reflecting higher interest expense at the holding and water companies.

2022 COMPARED TO 2021. Consolidated net income increased \$10.4 million at NW Natural primarily due to the following factors:

- \$26.1 million increase in NGD segment margin driven by new rates in Oregon and Washington, customer growth, and amortization of deferred balances; and
- \$12.3 million increase in other income, net primarily due to lower pension costs; partially offset by
- \$16.0 million increase in operations and maintenance expenses due to higher contract labor, amortization expense related to cloud computing arrangements, information technology costs, and professional service fees;
- \$3.3 million increase in interest expense primarily due to higher long-term debt balances and higher interest rates;
- \$2.7 million increase in income tax expense due to an increase in pre-tax income;
- \$2.5 million increase in depreciation expense due to additional capital investments; and
- \$2.0 million increase in general taxes primarily driven by higher property taxes.

Consolidated net income increased \$7.6 million at NW Holdings primarily due to the following factors:

- \$10.4 million increase in consolidated net income at NW Natural as discussed above; partially offset by
- \$2.8 million decrease in other net income primarily reflecting higher interest expense at the holding company.

Diluted EPS for NW Holdings decreased \$0.02 per share primarily due to a common share issuance on April 1, 2022 and share issuances through NW Holdings' at-the-market program, partially offset by an increase in consolidated net income.

CURRENT ECONOMIC CONDITIONS. We continuously review and monitor current economic conditions, which include but are not limited to: inflation and interest rates, supply chain disruptions, and other regulatory, physical or cyber related risks impacting our business. We have experienced higher material and labor costs as a result of inflation as well as increased interest costs from higher rates over the past year. We also continue to experience long lead times on certain materials, including meter parts, microchips, semi-conductors, and IT equipment. However, through advanced planning, carrying additional levels of inventory, diversifying our vendors, and making contingency plans to address risks, we are striving to mitigate supply chain risks. We have maintained enhanced cybersecurity monitoring, assessments, and third-party penetration tests in response to reports that cybersecurity attacks have increased and may continue to increase.

NW Holdings and NW Natural continue to monitor interest rates and financing options for all of its businesses. Interest rates increased in 2022 and 2023 resulting from actions taken by the U.S. Federal Reserve to increase short-term rates as inflation was elevated. NW Natural generally recovers interest expense on its long-term debt through its authorized cost of capital. Certain working capital items, such as the cost of gas, are deferred and accrue interest in Oregon and Washington. Additionally, short-term debt is incorporated in the capital structure in Washington. NW Natural Water's regulated water and wastewater utilities generally recover interest expense from long-term debt through their respective authorized cost of capital.

DIVIDENDS

NW Holdings dividend highlights include:

Per common share	2023	2022	2021
Dividends paid	\$ 1.9425	\$ 1.9325	\$ 1.9225

In January 2024, the Board of Directors of NW Holdings declared a quarterly dividend on NW Holdings common stock of \$0.4875 per share, payable on February 15, 2024, to shareholders of record on January 31, 2024, reflecting an indicated annual dividend rate of \$1.95 per share.

See "Financial Condition - Liquidity and Capital Resources" for more information regarding the NW Holdings and NW Natural dividend policies and regulatory conditions on NW Natural dividends to its parent, NW Holdings.

RESULTS OF OPERATIONS

Regulatory Matters

Regulation and Rates

NATURAL GAS DISTRIBUTION. NW Natural's natural gas distribution business is subject to regulation by the OPUC and WUTC with respect to, among other matters, rates and terms of service, systems of accounts, and issuances of securities by NW Natural. In 2023, approximately 88% of NGD customers were located in Oregon, with the remaining 12% in Washington. Earnings and cash flows from natural gas distribution operations are largely determined by rates set in general rate cases and other proceedings in Oregon and Washington. They are also affected by weather, the local economies in Oregon and Washington, the pace of customer growth in the residential, commercial, and industrial markets, federal, state and local energy, policy, customer preferences and NW Natural's ability to remain price competitive, control expenses, and obtain reasonable and timely regulatory recovery of its natural gas distribution-related costs, including operating expenses and investment costs in plant and other regulatory assets. See "Most Recent Completed Rate Cases" below.

MIST INTERSTATE GAS STORAGE. NW Natural's interstate storage activity at Mist is subject to regulation by the OPUC, WUTC, and the Federal Energy Regulatory Commission (FERC) with respect to, among other matters, rates and terms of service. The OPUC also regulates intrastate storage services at Mist, while FERC regulates interstate storage services at Mist. The FERC uses a maximum cost of service model which allows for gas storage prices to be set at or below the cost of service as approved by FERC in our last regulatory filing. The OPUC Schedule 80 rates are tied to the FERC rates, and are updated whenever NW Natural modifies FERC maximum rates. See "Most Recent Completed Rate Cases" below.

OTHER. The wholly-owned regulated water businesses of NWN Water, a wholly-owned subsidiary of NW Holdings, are subject to regulation by the utility commissions in the states in which they are located, which currently includes Oregon, Washington, Arizona, Idaho, and Texas. The wholly-owned regulated wastewater businesses of NWN Water are subject to regulation by the utility commissions in the states in which they are located, which currently includes Texas and Arizona.

Most Recent Completed Rate Cases

OREGON. On October 24, 2022, the OPUC issued an order for rates effective November 1, 2022, which authorized a return on equity (ROE) of 9.4%, a cost of capital of 6.836%, and a capital structure of 50% common equity and 50% long-term debt. After adjustments provided in the order, the order increased the revenue requirement by \$59.4 million, and included a rate base of \$1.76 billion, or an increase of \$320 million since the last rate case. The OPUC also ordered an adjustment to NW Natural's current line extension allowance methodology to a five times margin approach (which for an average residential customer is currently approximately \$2,300), declining to four times margin on November 1, 2023, and three times margin on November 1, 2024. The OPUC further ordered that the costs NW Natural sought to recover related to its Lexington RNG project were reasonable and prudently incurred under Senate Bill 98 and adopted an automatic adjustment clause that allows for NW Natural's RNG project costs to be added to rates annually on November 1st.

From November 1, 2020 through October 31, 2022, the OPUC authorized rates to customers based on an ROE of 9.4% and a cost of capital of 6.965% with a capital structure of 50% common equity and 50% long-term debt. The OPUC also authorized NW Natural to recover the expense associated with the Oregon Corporate Activity Tax (CAT) as a component of base rates.

WASHINGTON. On October 21, 2021, the WUTC issued an order concluding NW Natural's general rate case filed in December 2020 (WUTC Order). The WUTC Order provides for an annual revenue requirement increase over two years, consisting of a 6.4% or \$5.0 million increase in the first year beginning November 1, 2021 (Year One), and up to a 3.5% or \$3.0 million increase in the second year beginning November 1, 2022 (Year Two). The increase is based on the following assumptions:

- Cost of capital of 6.814%; and
- Average rate base of \$194.7 million, an increase of \$20.9 million since the last rate case for capital expenditures already expended at the time of filing, with an additional expected \$31.2 million increase in Year One, and an additional expected \$21.4 million increase in Year Two, with the increases in Year One and Year Two relating to expected capital expenditures in those years.

The WUTC Order does not specify the underlying inputs to the cost of capital, including capital structure and return on equity. New rates authorized by the WUTC Order were effective November 1, 2021. In September 2023, NW Natural received a letter of compliance from the WUTC acknowledging that the Year Two rates are no longer subject to review and refund.

From November 1, 2019 through October 31, 2021, the WUTC authorized rates to customers based on an ROE of 9.4% and an overall rate of return of 7.161% with a capital structure of 50.0% long-term debt, 1.0% short-term debt, and 49.0% common equity. The WUTC also authorized the recovery of environmental remediation expenses allocable to Washington customers through an Environmental Cost Recovery Mechanism (ECRM) and directed NW Natural to provide federal tax reform benefits to customers. See "Rate Mechanisms - Environmental Cost Deferral and Recovery - Washington ECRM" below.

FERC. NW Natural is required under its Mist interstate storage certificate authority and rate approval orders to file every five years either a petition for rate approval or a cost and revenue study to change or justify maintaining the existing rates for its interstate storage services. NW Natural filed a rate petition with the FERC in August 2023 and the revised rates were effective beginning September 1, 2023.

NW Natural continuously evaluates the need for rate cases in its jurisdictions.

Regulatory Proceeding Updates

2024 OREGON RATE CASE. On December 29, 2023, NW Natural filed a request for a general rate increase with the OPUC. The filing includes a requested \$154.9 million annual revenue requirement increase based upon the following assumptions or requests:

- Capital structure of 50% long-term debt and 50% equity;
- Return on equity of 10.1%;
- Cost of capital of 7.406%; and
- Average rate base of \$2.14 billion.

The filing includes effects of inflation, an updated depreciation study, and an increase in average rate base of \$381 million compared to the last rate case for several long-planned investments by NW Natural including the following:

- Supporting reinforcement, safety and reliability of NW Natural's distribution systems and operating facilities;
- Upgrading technology to, among other things, further modernize NW Natural's information technology infrastructure, enhance cybersecurity protections, and modernize metering infrastructure; and
- Investing in components of NW Natural's Mist and liquified natural gas storage facilities, which support service during winter heating months.

NW Natural's filing will be reviewed by the OPUC and other stakeholders. The process is anticipated to take up to 10 months with new rates expected to take effect November 1, 2024.

Rate Mechanisms

During 2023 and 2022, NW Natural's key approved rates and recovery mechanisms for each service area included:

	Oregon		Washington	
	2022 Rate Case (effective 11/1/2022)	2020 Rate Case (effective 11/1/2020)	2021 Rate Case (effective 11/1/2021)	2019 Rate Case (effective 11/1/2019)
Authorized Rate Structure:				
Return on Equity	9.4%	9.4%	**	9.4%
Rate of Return	6.8%	7.0%	6.8%	7.2%
Debt/Equity Ratio	50%/50%	50%/50%	**	51%/49%
Key Regulatory Mechanisms:				
Purchased Gas Adjustment (PGA)	X	X	X	X
Gas Cost Incentive Sharing	X	X		
Decoupling	X	X		
Weather Normalization (WARM)	X	X		
RNG Automatic Adjustment Clause	X			
Environmental Cost Recovery	X	X	X	X
Interstate Storage and Asset Management Sharing	X	X	X	X

** The WUTC Order does not specify the underlying inputs to the cost of capital, including capital structure and return on equity.

Annually, or more often if circumstances warrant, NW Natural reviews all regulatory assets for recoverability. If NW Natural should determine all or a portion of these regulatory assets no longer meet the criteria for continued application of regulatory accounting, then NW Natural would be required to write-off the net unrecoverable balances against earnings in the period such a determination was made.

PURCHASED GAS ADJUSTMENT. Rate changes are established for NW Natural each year under purchased gas adjustment (PGA) mechanisms in Oregon and Washington to reflect changes in the expected cost of natural gas commodity purchases. The PGA filings include costs for gas purchases, gas commodity derivative contracts, gas storage costs, gas reserves costs, pipeline demand costs, renewable natural gas and its environmental attributes, including renewable thermal certificates, and temporary rate adjustments, which amortize balances of deferred regulatory accounts.

Included in the 2022-23 PGA, the OPUC and WUTC approved a new customer rate mitigation program to address higher gas costs, which includes a temporary bill credit for NW Natural's residential customers from November 2022 to March 2023, with deferral of the temporary bill credit to be recovered in warmer months when customers typically see lower bills. As of December 31, 2023, the amount deferred to a regulatory asset related to the bill credit that remains to be collected from customers was approximately \$5.3 million. The residual balance is scheduled to be collected from customers in the 2023-24 PGA year.

In September 2023, NW Natural filed its annual PGAs and received OPUC and WUTC approval in October 2023. PGA rate changes were effective November 1, 2023. Rates may vary between states due to different rate structures, rate mechanisms and hedging policies.

Each year, NW Natural hedges gas prices on a portion of NW Natural's annual sales requirement based on normal weather, including both physical and financial hedges. NW Natural entered the 2023-24 gas year with total forecasted sales volume hedged at approximately 82%, including 66% in financial hedges and 16% in physical gas supplies. The total hedged was approximately 85% in Oregon and 55% in Washington.

For the subsequent two gas years, NW Natural was hedged in total between 20% and 39% for annual requirements which consists of between 22% and 42% in Oregon and 0% and 13% in Washington. Hedge levels are subject to change based on actual load volumes, which depend to a certain extent on weather, economic conditions, and gas reserve production. Also, gas storage inventory levels may increase or decrease with storage expansion, changes in storage contracts with third parties, variations in the heat content of the gas, and/or storage recall by NW Natural. Gas purchases and hedges entered into for the upcoming PGA year will be included in the Company's PGA filings in Oregon and Washington.

Under the current PGA mechanism in Oregon, there is an incentive sharing provision whereby NW Natural is required to select each year an 80% deferral or a 90% deferral of higher or lower actual gas costs compared to estimated PGA prices, such that the impact on NW Natural's current earnings from the incentive sharing is either 20% or 10% of the difference between actual and estimated gas costs, respectively. For the 2023-24 and 2022-23 gas years, NW Natural selected the 90% deferral option.

Under the Washington PGA mechanism, NW Natural defers 100% of the higher or lower actual gas costs, and those gas cost differences are passed on to customers through the annual PGA rate adjustment.

CLIMATE COMMITMENT ACT. Washington has enacted the Climate Commitment Act (CCA), which establishes a comprehensive program that includes an overall limit for GHG emissions from major sources in the state that declines yearly. The program began January 1, 2023. In December 2023, the WUTC approved a CCA cost recovery mechanism with a rate effective date of January 1, 2024. Under this mechanism, NW Natural recovers CCA costs and will defer any difference between forecasted and actual costs in the following year. Additionally, under the approved tariff, proceeds from the sale of allowances, which is required under the CCA, would be used to offset CCA compliance costs for low-income customers. Any remaining proceeds would benefit other customers through fixed bill credits or use in other carbon reduction programs.

Additionally in December 2023, the WUTC approved a request to modify NW Natural's CCA deferral to allow for the recovery of interest from customers based on the actual cash paid for purchases of allowances, less proceeds received from the sale of allowances.

EARNINGS TEST REVIEW. NW Natural is subject to an annual earnings review in Oregon to determine if the NGD business is earning above its authorized ROE threshold. If NGD business earnings exceed a specific ROE level, then 33% of the amount above that level is required to be deferred or refunded to customers. Under this provision, if NW Natural selects the 80% deferral gas cost option, then NW Natural retains all earnings up to 150 basis points above the currently authorized ROE. If NW Natural selects the 90% deferral option, then it retains all earnings up to 100 basis points above the currently authorized ROE. For the 2022-23 and 2023-24 gas years, NW Natural selected the 90% deferral option. The ROE threshold is subject to adjustment annually based on movements in long-term interest rates. For calendar years 2021, 2022, and 2023, the ROE threshold was 10.40% in all periods. There were no refunds required for 2021 and 2022. NW Natural does not expect a refund for 2023 based on results, and anticipates filing its 2023 earnings test in May 2024.

GAS RESERVES. In 2011, the OPUC approved the Encana gas reserves transaction to provide long-term gas price protection for NGD business customers and determined costs under the agreement would be recovered on an ongoing basis through the annual PGA mechanism. Gas produced from NW Natural's interests is sold at then prevailing market prices, and revenues from such sales, net of associated operating and production costs and amortization, are included in cost of gas. The cost of gas, including a carrying cost for the rate base investment made under the original agreement, is included in NW Natural's annual Oregon PGA filing, which allows NW Natural to recover these costs through customer rates. The net investment under the original agreement earns a rate of return.

In 2014, NW Natural amended the original gas reserves agreement in response to Encana's sale of its interest in the Jonah field located in Wyoming to Jonah Energy. Under the amended agreement with Jonah Energy, NW Natural has the option to invest in additional wells on a well-by-well basis with drilling costs and resulting gas volumes shared at the amended proportionate working interest for each well in which NW Natural invests. Volumes produced from the additional wells drilled after the amended agreement are included in NW Natural's Oregon PGA at a fixed rate of \$0.4725 per therm. NW Natural has not participated in additional wells since 2014.

DECOUPLING. In Oregon, NW Natural has a decoupling mechanism. Decoupling is intended to break the link between revenue and the quantity of gas consumed by customers, removing any financial incentive to discourage customers' efforts to conserve energy. The Order in the 2020 Oregon general rate case also approved of extending NW Natural's decoupling calculation for the months of November and May to the month of April. This mechanism employs a use-per-customer decoupling calculation, which adjusts margin revenues to account for the difference between actual and expected customer volumes. The margin adjustment resulting from differences between actual and expected volumes under the decoupling component is recorded to a deferral account, which is included in the annual PGA filing. The Oregon decoupling baseline usage per customer was reset in the 2020 Oregon general rate case.

WARM. In Oregon, NW Natural has an approved weather normalization mechanism (WARM), which is applied to residential and small commercial customer bills. This mechanism is designed to help stabilize the collection of fixed costs by adjusting residential and small commercial customer billings based on temperature variances from average weather, with rate decreases when the weather is colder than average and rate increases when the weather is warmer than average. The mechanism is applied to bills from December through mid-May of each heating season. The mechanism adjusts the margin component of customers' rates to reflect average weather, which uses the 25-year average temperature for each day of the billing period. Daily average temperatures and 25-year average temperatures are based on a set point temperature of 59 degrees Fahrenheit for residential customers and 58 degrees Fahrenheit for commercial customers. The collections of any unbilled WARM amounts due to tariff caps and floors are deferred and earn a carrying charge until collected, or returned, in the PGA the following year. Residential and small commercial customers in Oregon are allowed to opt out of the weather normalization mechanism, and as of December 31, 2023, 7% of total eligible customers had opted out. NW Natural does not have a weather normalization mechanism approved for Washington customers, which account for about 12% of total customers. See "Business Segment—Natural Gas Distribution" below.

INDUSTRIAL TARIFFS. The OPUC and WUTC have approved tariffs covering NGD service to major industrial customers, which are intended to give NW Natural certainty in the level of gas supplies needed to serve this customer group. The approved terms include, among other things, an annual election period, special pricing provisions for out-of-cycle changes, and a requirement that industrial customers complete the term of their service election under NW Natural's annual PGA tariff.

ENVIRONMENTAL COST DEFERRAL AND RECOVERY. NW Natural has authorizations in Oregon and Washington to defer costs related to remediation of properties that are owned or were previously owned by NW Natural. In Oregon, a Site Remediation and Recovery Mechanism (SRRM) is currently in place to recover prudently incurred costs allocable to Oregon customers, subject to an earnings test. Effective beginning November 1, 2019, the WUTC authorized an Environmental Cost Recovery Mechanism (ECRM) for recovery of prudently incurred costs allocable to Washington customers.

Oregon SRRM

Under the Oregon SRRM collection process, there are three types of deferred environmental remediation expense:

- Pre-review - This class of costs represents remediation spend that has not yet been deemed prudent by the OPUC. Carrying costs on these remediation expenses are recorded at NW Natural's authorized cost of capital. NW Natural anticipates the prudence review for annual costs and approval of the earnings test prescribed by the OPUC to occur by the third quarter of the following year.
- Post-review - This class of costs represents remediation spend that has been deemed prudent and allowed after applying the earnings test, but is not yet included in amortization. NW Natural earns a carrying cost on these amounts at a rate equal to the five-year treasury rate plus 100 basis points.
- Amortization - This class of costs represents amounts included in current customer rates for collection and is calculated as one-fifth of the post-review deferred balance. NW Natural earns a carrying cost equal to the amortization rate determined annually by the OPUC, which approximates a short-term borrowing rate. NW Natural included \$9.6 million and \$6.8 million of deferred remediation expense approved by the OPUC for collection during the 2023-24 and 2022-23 PGA years, respectively.

In addition, the SRRM also provides for the annual collection of \$5.0 million from Oregon customers through a tariff rider. As it collects amounts from customers, NW Natural recognizes these collections as revenue net of any earnings test adjustments and separately amortizes an equal and offsetting amount of the deferred regulatory asset balance through the environmental remediation operating expense line shown separately in the operating expenses section of the Consolidated Statements of Comprehensive Income (Loss). See Note 17 for more information on our environmental matters.

The SRRM earnings test is an annual review of adjusted NGD ROE compared to authorized NGD ROE. To apply the earnings test NW Natural must first determine what if any costs are subject to the test through the following calculation:

Annual spend
Less: \$5.0 million base rate rider
Prior year carry-over ⁽¹⁾
\$5.0 million insurance + interest on insurance
Total deferred annual spend subject to earnings test
Less: over-earnings adjustment, if any
Add: deferred interest on annual spend ⁽²⁾
Total amount transferred to post-review

⁽¹⁾ Prior year carry-over results when the prior year amount transferred to post-review is negative. The negative amount is carried over to offset annual spend in the following year.

⁽²⁾ Deferred interest is added to annual spend to the extent the spend is recoverable.

To the extent the NGD business earns at or below its authorized ROE as defined in the SRRM, the total amount transferred to post-review is recoverable through the SRRM. To the extent more than authorized ROE is earned in a year, the amount transferred to post-review would be reduced by those earnings that exceed its authorized ROE. For 2023, NW Natural has performed this test, which is anticipated to be submitted to the OPUC in May 2024. No earnings test adjustment is expected for 2023.

Washington ECRM

The ECRM established by the WUTC order effective November 1, 2019 permits NW Natural's recovery of environmental remediation expenses allocable to Washington customers. These expenses represent 3.32% of costs associated with remediation of sites that historically served both Oregon and Washington customers. The order allows for recovery of past deferred and future prudently incurred remediation costs allocable to Washington through application of insurance proceeds and collections from customers. Prudently incurred costs that were deferred from the initial deferral authorization in February 2011 through June 2019 were fully offset with insurance proceeds, with any remaining insurance proceeds to be amortized over a 10.5 year period. On an annual basis, NW Natural will file for a prudence determination and a request to recover remediation expenditures in excess of insurance amortizations in the following year's customer rates. After insurance proceeds are fully

amortized, if in a particular year the request to collect deferred amounts exceeds one percent of Washington normalized revenues, then the excess will be collected over three years with interest.

INTERSTATE STORAGE AND ASSET MANAGEMENT SHARING. On an annual basis, NW Natural credits amounts to Oregon and Washington customers as part of a regulatory incentive sharing mechanism related to net revenues earned from Mist gas storage for assets developed in advance of utility customer needs, and asset management revenues. In January 2024, the OPUC approved the annual 2024 bill credit for Oregon customers' share of interstate storage and asset management activities totaling approximately \$20.6 million, which was credited to customers' bills in February 2024. This includes revenue generated for the November 2022 through October 2023 PGA year. Credits are given to customers in Washington as reductions in rates through the annual PGA filing in November.

During the first quarter of 2023, NW Natural refunded an interstate storage and asset management sharing credit of approximately \$23.5 million to Oregon customers. Commercial and industrial customers in Oregon received this credit in February 2023, which totaled approximately \$10.5 million. Residential customers in Oregon received this credit as a reduction to the temporary rate mitigation adjustment in 2023, and totaled approximately \$13.0 million.

The following table presents the credits to NGD customers:

<i>In millions</i>	2023	2022	2021
Oregon	\$ 23.5	\$ 41.1	\$ 9.1
Washington	2.9	1.5	3.1

COVID-19 DEFERRAL DOCKETS. During 2020, Oregon and Washington approved our applications to defer certain COVID-19 related costs. Costs that may be recoverable include, but are not limited to, the following: personal protective equipment, cleaning supplies and services, bad debt expense, financing costs to secure liquidity, and certain lost revenue, net of offsetting direct expense reductions associated with COVID-19. As part of the 2022 Oregon general rate case, NW Natural received approval from the OPUC to recover the 2020 and 2021 COVID-19 deferral totaling \$10.9 million beginning November 1, 2022 over a two-year period. NW Natural is authorized to recover the 2022 COVID-19 deferral totaling \$6.5 million beginning November 1, 2023 through October 31, 2024. In addition, approximately \$2.3 million of forgone late fee revenue will be recognized over the same time period as the 2022 COVID-19 deferral. Beginning January 2023, NW Natural is no longer deferring any COVID-19 related costs in Oregon. NW Natural expects to recover its COVID-19 deferrals in Washington in a future proceeding.

LOW INCOME DISCOUNT TARIFFS.

Oregon

In July 2022, NW Natural received approval from the OPUC for an income-qualifying residential bill discount program. The income threshold for program participation is at or below 60 percent of Oregon state median income (SMI). The program provides a bill discount for income-qualifying residential customers at four discount tier levels based on household income compared to SMI, with higher discounts given for lower income levels. Participating customers can self-certify their income and household size to qualify for the program directly with NW Natural or their local Community Action Agency. The program was available for qualifying customers starting November 1, 2022. Costs for the bill discount program include simultaneous recovery from all customers. Costs for the bill discount program, inclusive of start-up and administrative costs of the program, are recoverable in rates. The amount deferred to a regulatory asset as of December 31, 2023 was \$3.6 million.

	Total Household Income	Bill Discount Percentage
Tier 0	At or below 15% SMI	40%
Tier 1	16% - 30% of SMI	25%
Tier 2	31% - 45% of SMI	20%
Tier 3	46% - 60% of SMI	15%

Washington

In December 2023, NW Natural received approval from the WUTC for an income-qualifying residential bill discount program. The program was available for qualifying customers starting January 1, 2024. The Washington program is similar to the Oregon program, with the exception of the discount tier levels shown below. The income threshold for the Washington program participation is based on the greater of area median income (AMI) or federal poverty level (FPL).

	Total Household Income	Bill Discount Percentage
Tier 0	At or below 60% FPL	80%
Tier 1	61% - 120% of FPL	40%
Tier 2	121% - 150% of FPL	20%
Tier 3	Greater of 80% AMI or 151% - 200% of FPL	15%

RENEWABLE NATURAL GAS AND AUTOMATIC ADJUSTMENT CLAUSE. On June 19, 2019, the Oregon legislature passed Senate Bill 98 (SB 98), which enables natural gas utilities to procure or develop RNG on behalf of their Oregon customers. The bill was signed into law by the governor in July 2019, and subsequently, the OPUC adopted final rules in July 2020.

SB 98 and the rules outline the following parameters for the RNG program including: setting voluntary goals for adding as much as 30% renewable natural gas into the state's pipeline system by 2050; enabling gas utilities to invest in and own the cleaning and conditioning equipment required to bring raw biogas and landfill gas up to pipeline quality, as well as the facilities to connect to the local gas distribution system; and allowing up to 5% of a utility's revenue requirement to be used to cover the incremental cost or investment in renewable natural gas infrastructure.

Further, the law supports all forms of renewable natural gas including renewable hydrogen, which is made from excess wind, solar and hydro power. Renewable hydrogen can be used for the transportation system, industrial use, or blended into the natural gas pipeline system.

Pursuant to the 2022 Oregon general rate case, the OPUC ordered that the costs NW Natural sought to recover related to its investment in Lexington Renewables Energy, LLC were reasonable and prudently incurred under SB 98. Furthermore, the OPUC approved an automatic adjustment clause that allows for NW Natural's investments in RNG projects, including operating costs, to be added to rates annually on November 1st, following a prudence review. The RNG recovery mechanism allows NW Natural to defer for recovery or credit the differences between the forecasted and actual costs of the RNG projects, subject to an earnings test that includes deadbands at 50 basis points below and above NW Natural's authorized ROE. For 2023, NW Natural has performed this test, which is anticipated to be submitted to the OPUC in May 2024. No earnings test adjustment is expected for 2023. For RNG procurement contracts, NW Natural seeks recovery of the costs in the PGA and other filings, subject to a prudence review.

In February 2023, NW Natural filed a request to include its investment in Dakota City Renewable Energy LLC in the approved RNG mechanism effective November 1, 2023. In October 2023, the OPUC approved an all-party settlement that deems the investment to be prudent and allows NW Natural to begin recovering the investment costs and expenses of the facility. The RNG facility began production in April 2023. Under the RNG mechanism, expenses incurred prior to the rate effective date are not recoverable under this rate mechanism. Additionally, recovery is subject to the earnings test requirements under the RNG recovery mechanism discussed above. The Dakota City investment is subject to a production risk-sharing mechanism based on the expected per unit of production. NW Natural is required to share 25% of the costs above this threshold.

INTEGRATED RESOURCE PLAN (IRP). NW Natural generally files a full IRP biennially for Oregon and Washington with the OPUC and WUTC, respectively. NW Natural jointly filed its 2022 IRP for both Oregon and Washington on September 23, 2022. The 2022 IRP outlines scenarios of future requirements based on a range of inputs that would provide the least-cost and least-risk resources to meet future demand and environmental compliance obligations. With respect to IRPs generally, the WUTC issues letters of compliance and Oregon acknowledges the IRP. In August 2023, NW Natural received a letter of compliance from the WUTC acknowledging the 2022 IRP.

The OPUC issued their order on NW Natural's 2022 IRP in August 2023. The OPUC acknowledged key system investments including the Portland LNG cold box project and the Forest Grove reinforcement project. The OPUC declined at that time to acknowledge certain elements related to long-term analysis and selection of resources and suggested that NW Natural work with interested parties to develop and refine modeling related to these open items.

The development of an IRP filing is an extensive and complex process that engages multiple stakeholders in an effort to build a robust and commonly understood analysis. The final product is intended to provide a long-term outlook of the supply-side and demand-side resource requirements for reliable and low cost natural gas service while also meeting NW Natural's environmental compliance requirements. The IRP examines and analyzes uncertainties in the planning process, including potential changes in governmental and regulatory policies. The CCA that was passed in Washington is an example of a new policy that resulted in compliance requirements that need to be included in the planning process.

PIPELINE SECURITY. In May and July 2021, the Department of Homeland Security's (DHS) Transportation Security Administration (TSA) released two security directives applicable to certain owners and operators of natural gas pipeline facilities (including local distribution companies). The first directive require owners and operators to implement cybersecurity incident reporting to the DHS, designate a cybersecurity coordinator, and perform a gap assessment of current entity cybersecurity practices against certain voluntary TSA security guidelines and report relevant results and proposed mitigation to applicable DHS agencies. The second directive requires entities to implement a significant number of specified cybersecurity controls and processes. The TSA released a third directive renewing the second directive as well as clarifying Operational Technology (OT) scope and providing a risk- and outcome-based framework. The third directive is effective until July 2023 and will expire in July 2024. The TSA is in the process of formulating regulations with the aim of rendering the security directives permanent. NW Natural is currently evaluating and implementing the security directives and related deliverables. NW Natural frequently updates the TSA on its progress on achieving the security directives.

NW Natural filed requests with the OPUC and WUTC to defer the costs associated with complying with the TSA's security directives. As of December 31, 2023, NW Natural has invested approximately \$44.2 million in information and operational

technology. A majority of the capital investment was included in rate base starting November 1, 2022 in Oregon.

NW Natural continues to evaluate the potential effect of these directives on our operations and facilities, as well as the potential total cost of implementation, and will continue to monitor for any clarifications or amendments to these directives. We may seek to request recovery from customers of any additional costs incurred to the extent that incremental expenses and capital expenditures are incurred in the future.

ERP UPGRADE. In the fourth quarter of 2020, NW Natural filed requests to defer expenses pertaining to a project to upgrade the existing enterprise resource planning (ERP) system with the OPUC and WUTC. A stipulation supported by all parties in the Oregon docket was filed and approved by the OPUC in the third quarter of 2021. Under the settlement agreement, NW Natural will recover 100% of costs incurred up to the \$8.55 million estimate of Oregon-allocated costs provided in the docket. Approval of the Washington deferral was resolved as part of the most recent general rate case. NW Natural placed its new ERP system into service in September 2022. On November 1, 2022, NW Natural began recovering all expenses deferred and accruing interest over a 10-year period.

WATER AND WASTEWATER UTILITIES. NWN Water currently serves an estimated 180,000 people through approximately 73,000 connections across five states. We continued to expand our water and wastewater utility business during 2023.

- In the first quarter of 2023, NWN Water signed a purchase agreement for a water utility with approximately 1,450 connections in Arizona. The purchase agreement was approved by the ACC in September 2023 and the acquisition closed in the fourth quarter of 2023.
- In the second quarter of 2023, NWN Water signed a purchase agreement for a water and wastewater business with approximately 2,150 connections in Oregon. The purchase agreement was approved by the OPUC in October 2023 and the acquisition closed in the fourth quarter of 2023.
- In the second quarter of 2023, NWN Water increased its ownership stake in Avion Water Company, Inc.
- In the fourth quarter of 2023, NWN Water acquired a water utility with approximately 2,400 connections in Arizona.

For our regulated water utilities, we have been executing general rate cases.

- In February 2023, Salmon Valley Water Company filed a general rate case with the OPUC with new rates effective September 1, 2023.
- In May 2023, Falls Water Company filed a general rate case with the IPUC with new rates effective December 15, 2023.
- In October 2023, Foothills Utilities filed a general rate case with the ACC and requested rates to go into effect no later than November 30, 2024.

Environmental Regulation and Legislation Matters

There is a growing international and domestic focus on climate change and the contribution of GHG emissions, most notably methane and carbon dioxide, to climate change. In response, there are increasing efforts at the international, federal, state, and local level to regulate GHG emissions. Legislation or other forms of regulation could take a variety of forms including, but not limited to, GHG emissions limits, reporting requirements, carbon taxes, requirements to purchase carbon credits, building codes, increased efficiency standards, additional charges to fund energy efficiency activities or other regulatory actions, incentives or mandates to conserve energy or use renewable energy sources, tax advantages and other subsidies to support alternative energy sources, a reduction in rate recovery for construction costs related to the installation of new customer services or other new infrastructure investments, mandates for the use of specific fuels or technologies, bans on specific fuels or technologies, or promotion of research into new technologies to reduce the cost and increase the scalability of alternative energy sources. These efforts could include legislation, legislative proposals, directed government funding, or new regulations at the federal, state, and local level, as well as private party litigation related to GHG emissions or regulation thereof. We recognize certain of our businesses, including our natural gas business, are likely to be affected by current or future regulation seeking to limit GHG emissions.

International

In early 2021, the U.S. rejoined the Paris Agreement on Climate, which establishes non-binding targets to reduce GHG emissions from both developed and developing nations. Under the Paris Agreement, signatory countries are expected to submit their nationally determined contributions to curb GHG emissions and meet the agreed temperature objectives every five years. On April 22, 2021, the United States federal administration announced the U.S. nationally determined contribution to achieve a fifty to fifty-two percent reduction from 2005 levels in economy-wide net GHG emissions by 2030.

Federal

President Biden's administration has issued executive orders directing agencies to conduct a general review of regulations and executive actions related to the environment and reestablished a framework for considering the social cost of carbon as part of certain agency cost-benefit analyses for new regulations. President Biden's administration continues to consider a wide range of additional policies, executive orders, rules, legislation, and other initiatives to address climate change.

The Inflation Reduction Act of 2022 (IRA) was signed into law in August 2022 and includes several climate and energy provisions. The IRA is expected to provide significant funding through grants, tax credits, and investments to support various initiatives including manufacturing, renewable energy production and consumption, transportation electrification and climate-smart agriculture. The IRA includes tax credits for RNG, hydrogen, carbon capture projects and geothermal heat pumps, among

other investments. The IRA also includes funding for the EPA to improve GHG reporting and enforcement, as well as a methane fee applicable to activities associated with gas production and processing facilities, transmission pipelines and certain storage facilities, creates a new corporate alternative minimum tax of 15 percent that applies to corporations with average annual financial statement income in excess of one billion dollars, and creates a new 1 percent excise tax on the net stock repurchases by public companies. Guidance from several federal agencies is pending regarding various aspects of the IRA and the manner in which it will be implemented. We continue to assess effects of the IRA that are relevant to our businesses, and will continue to do so as it is implemented. The U.S. Congress may also pass federal climate change legislation in the future. We cannot predict when or if Congress will pass such legislation and in what form.

In addition, the EPA regulates GHG emissions pursuant to the Clean Air Act. For example, the EPA requires the annual reporting of GHG emissions from certain industries, specified emission sources, and facilities. Under this reporting rule, local natural gas distribution companies like NW Natural are required to report system throughput to the EPA on an annual basis. The EPA also has required additional GHG reporting regulations to which NW Natural is subject, requiring the annual reporting of fugitive emissions from operations. Other federal regulatory agencies, including the U.S. Department of Energy, are beginning to address matters related to GHG emissions that may include changes in their regulatory oversight approach, policies and rules.

Other federal agencies have taken or are expected to take actions related to climate change. For example, in March 2022, the Securities and Exchange Commission (SEC) proposed new rules relating to the disclosure of a range of climate-related matters, PHMSA is expected to prepare regulations and other actions to limit methane emissions, the Commodities Futures Trading Commission (CFTC) has indicated it intends to take actions related to oversight of climate-related financial risks as pertinent to the derivatives and underlying commodities markets. Similarly, other federal agencies and regulations, including but not limited to, the U.S. Department of Treasury, Federal Acquisitions Regulations, and others have indicated impending regulatory actions related to climate change. To the extent these agencies adopt final rules as proposed or in modified form, we or our customers could incur increased costs. These could include internal costs as well as external costs such as the cost of independent experts to provide attestation reports on our GHG emissions data and increased audit costs.

Washington State

In 2023, Washington comprised approximately 11% of NW Natural's revenues, as well as 2% and 14% of new meters from commercial and residential customers, respectively. Effective February 1, 2021, building codes in Washington state require new residential homes to achieve higher levels of energy efficiency based on specified carbon emissions assumptions, which calculate electric appliances to have lower on-site GHG emissions than comparable gas appliances. This increases the cost of new home construction incorporating natural gas depending on a number of factors including home size, equipment configurations, and building envelope measures. Additionally, the Washington State Building Code Council (SBCC) voted in April 2022 to include updates in the state commercial building energy code that would restrict or eliminate the use of gas space and water heating in new commercial construction. In November 2022, the SBCC voted to include updates to the state residential building energy code that are expected to restrict the use of gas space and water heating in residential construction, with certain exceptions including for natural gas-fired heat pumps and hybrid fuel systems. The SBCC commercial and residential rules were expected to become effective July 1, 2023, but the SBCC delayed implementation and has modified those rules. The expected timeline for implementation of the modified rules, if any, is March, 2024 unless the legislature delays, rejects or amends the new rules. The new modified rules are currently subject to legal challenge by a number of companies and organizations and are likely to be subject to additional legal challenge.

Washington has also enacted the CCA, which establishes a comprehensive program that includes an overall limit for GHG emissions from major sources in the state that declines yearly beginning January 1, 2023, resulting in an overall reduction of GHG emissions to 95% below 1990 levels by 2050. The Washington Department of Ecology has adopted rules to create a cap-and-invest program, under which entities, including natural gas and electric utilities, large manufacturing facilities, and transportation and other fuel providers, which are subject to the CCA must either reduce their emissions, purchase qualifying offsets (including RNG) or obtain allowances to cover any remaining emissions. NW Natural is subject to the CCA, has received an order authorizing deferral of CCA costs from the WUTC, and is currently recovering CCA compliance costs in rates.

Oregon

On March 10, 2020, the governor of Oregon issued an executive order (EO) establishing GHG emissions reduction goals of at least 45% below 1990 emission levels by 2035 and at least 80% below 1990 emission levels by 2050 and directed state agencies and commissions to facilitate such GHG emission goals targeting a variety of sources and industries. Although the EO does not specifically direct actions of natural gas distribution businesses, the OPUC is directed to prioritize proceedings and activities that advance decarbonization in the utility sector, mitigate the energy burden experienced by utility customers and ensure system reliability and resource adequacy. The EO also directs other state agencies, including the Oregon Department of Environmental Quality (ODEQ), to cap and reduce GHG emissions from transportation fuels and all other liquid and gaseous fuels, including natural gas, adopt building energy efficiency goals for new building construction, reduce methane gas emissions from landfills and food waste, and submit a proposal for adoption of state goals for carbon sequestration and storage by Oregon's forest, wetlands and agricultural lands. The OPUC is also charged with carrying out the EO to the extent it is consistent with its statutory authority and duties, and to focus on equitable impacts to low-income customers under its current statutory authority.

In December 2021, the ODEQ concluded its rulemaking process and issued final cap and reduce rules for its Climate Protection Program (CPP), which became effective in January of 2022. The CPP outlines GHG emissions reduction goals of 50% by 2035 and 90% by 2050 from a 2017-2019 baseline. The ODEQ rules were held invalid on procedural grounds by the Oregon Court of Appeals in December 2023. In January, 2024, ODEQ announced that it would not appeal the Oregon Court of Appeals' decision, but that it would re-engage in a rulemaking process and it expects the new rulemaking to take approximately 12 months. NW Natural received an order from the OPUC authorizing deferral of CPP compliance costs for the initial rule and intended to pursue inclusion of those compliance costs in rates and we are in the process of determining treatment given the CPP is invalid. We would expect to take the same actions with respect to any subsequently adopted ODEQ rules.

Local Jurisdictions and Other Advocacy

In addition to legislative activities at the state level, advocacy groups have indicated a willingness to pursue municipal ordinances and ballot measures or other local activities. Some local and county governments in the United States also have been proposing or passing renewable energy resolutions, restrictions, taxes, or fees seeking to accelerate climate action goals. A number of cities across the country, and several in our service territory are taking action or currently considering actions such as limitations or bans on the use of natural gas in new construction or otherwise. For example, in February 2023, the Eugene City Council passed an ordinance that prohibits the use of natural gas in low rise residential buildings beginning with permits submitted after June of 2023. That ordinance was initially referred to the voters on the November 2023 ballot and was subsequently rescinded by the Eugene City Council. In connection with its rescission of the ordinance, the City Council directed the Eugene City Manager to develop a plan to address GHG emissions and align incentives around GHG emissions. Similarly, some jurisdictions and advocates are seeking to ban the use of natural gas and certain natural gas appliances inside homes and contend that there are detrimental indoor health effects associated with the use of natural gas.

NW Natural is actively engaged with federal, state and local policymakers, consumers, customers, small businesses and other business coalitions, economic development practitioners, and other advocates in our service territory and is working with these communities to communicate the role that direct use natural gas, and in the coming years, RNG and hydrogen, can play in pursuing more effective policies to reduce GHGs while supporting reliability, resiliency, energy choice, equity, and energy affordability.

NW Natural Decarbonization Initiatives and Compliance Actions

Our customers are currently paying less for their natural gas today than they did 15 years ago. We expect that compliance with any form of regulation of GHG emissions, including the CCA in Washington or any similar program adopted in Oregon, as well as voluntary actions under SB 98 or otherwise, will require additional resources and legislative or regulatory tools, and will increase costs. The developing and changing implementation guidance for the CCA and new rulemaking process for an Oregon carbon reduction program under the Oregon EO, evolving carbon credit markets and other regulatory tool options, decades-long timeframes for compliance, likely changing and evolving laws and energy policy, and evolving technological advancements, all make it difficult to accurately predict long-term tools for and costs of compliance. In September 2022, NW Natural filed its integrated resource plans (IRPs) with the OPUC and WUTC. Those IRPs comprehensively evaluate resource options available to serve NW Natural's customers' energy, capacity and environmental compliance needs, and are an informative component of the resources selected for compliance with the CCA and any subsequently developed Oregon program. While we model compliance with the CCA and any similar program in our IRPs, the expected costs of compliance are uncertain and subject to significant change. We are currently including costs of compliance with the CCA in rates. Costs to comply currently are increasing non-low income residential bills by approximately 12% to 38%.

These projected customer bill impacts of the CCA are estimates, are likely to increase beyond the first compliance period, and are subject to change as these laws are implemented and compliance begins. The costs are also likely to vary significantly based on forecasting assumptions related to permitted levels of rate recovery, available technologies and equipment, weather patterns and gas usage, customer growth or attrition, allocation of fixed costs among classes of customers, energy efficiency levels, availability, use and cost of renewables, feasibility of broad-scale hydrogen in the natural gas system, and a number of other assumptions used in the complex analysis of integrated resource planning.

We are not currently able to quantify the extent to which limitations on natural gas use, or declining line extension allowances provided in rates to cover construction costs for new services, will affect new meter additions, or to what extent carbon compliance costs included in rates will affect the competitiveness of our business and the demand for natural gas service. All of these developments could negatively affect our gas utility customer growth. However, at the same time natural gas utilities will be subject to GHG emissions regulation, we expect that other energy source providers will be subject to similar, or in some cases stricter or more rapid, compliance requirements that are likely to affect their cost and competitiveness relative to natural gas as well. For example, President Biden has announced his intention to have a carbon-free electricity sector by 2035, 15 years before the target date of the CCA. In June 2021, the State of Oregon enacted HB 2021, a clean electricity bill that requires the state's two largest investor-owned electric utilities and retail electricity service suppliers to reduce GHG emissions associated with electricity sold to Oregon customers to 100 percent below baseline levels by 2040 with interim steps, including an 80 percent reduction by 2030 and 90 percent reduction by 2035. This bill does not replace the separate renewable portfolio standards previously established in Oregon, which sets requirements for how much of the electricity used in Oregon must come from renewable resources. In Washington, SB 5116, the Clean Energy Transformation Act, requires all electric utilities in Washington to transition to carbon-neutral electricity by 2030 and to 100 percent carbon-free electricity by 2045. We expect compliance with

these and other laws will increase the cost of energy for electric customers in our service territory. We are not able to determine at this time whether increased electricity costs will make natural gas use more or less competitive on a relative basis.

We expect these and other trends to drive innovation of, and demand for, technological developments and innovative new products that reduce GHG emissions. Research and development are occurring across the energy sector, including in the gas sector with work being conducted on gas heat pumps, higher efficiency water and space heating appliances including hybrid systems, carbon capture utilization and storage developments, continued development of technologies related to RNG, and various forms of hydrogen for different applications, among others.

NW Natural continues to take proactive steps in seeking to reduce GHG emissions in our region and we diligently communicate with local, state, and federal governments and communities about those steps. NW Natural has been a leader among gas utilities in innovative programs. Notable programs have included a decoupling rate structure designed to weaken the link between revenue and gas consumption by customers adopted in 2007, and establishment of a voluntary Smart Energy carbon offset program for customers established in 2007, and removal of all known cast iron and bare steel to create one of the tightest and most modern distribution systems in the country. We continue to believe that NW Natural has an important role in providing affordable and equitable energy to the communities we serve. NW Natural is an important provider of energy to families and businesses in Oregon and southwest Washington. Natural gas sales to our residential and commercial customers account for approximately 7% of Oregon's GHG emissions according to the 2021 data from the State of Oregon Department of Environmental Quality In-Boundary GHG Inventory. We intend to continue to provide this necessary energy to our communities with the goal of using our modern pipeline system to help the Pacific Northwest transition to a cleaner energy future.

In 2016, NW Natural initiated a multi-pronged, multi-year strategy to accelerate and deliver greater GHG emission reductions in the communities we serve. Key components of this strategy include customer energy efficiency, continued adoption of NW Natural's voluntary Smart Energy carbon offset program, and seeking to incorporate RNG and hydrogen into our gas supply. RNG is produced from organic materials including food, agricultural and forestry waste, wastewater, or landfills. We believe RNG has the potential to significantly reduce net GHG emissions because methane that would otherwise be released to the atmosphere can be captured from these organic materials as they decompose and then conditioned to pipeline quality and distributed into our existing system. In 2019, Oregon Senate Bill 98 (SB 98) was signed into law enabling NW Natural to procure RNG on behalf of customers and provided voluntary targets that would allow us to make qualified investments and purchase RNG from third parties.

Under SB 98, NW Natural is actively working to procure RNG supply for customers and increase the amount of RNG on our system and is also exploring the development of renewable hydrogen through power to gas. To that end, in 2020 and 2021, NW Natural announced several agreements and investments to procure RNG for its customers. For example, NW Natural began a partnership with BioCarbN to invest up to an estimated \$38 million in four separate RNG development projects that will access biogas derived from water treatment at Tyson Foods' processing plants, subject to approval by all parties. The first project was commissioned in early 2022 and the second was commissioned in April 2023. To date, NW Natural has signed agreements with options to purchase or develop RNG for utility customers totaling about 3% of NW Natural's annual sales volume in Oregon.

Business Segment - Natural Gas Distribution (NGD)

NGD margin results are primarily affected by customer growth, revenues from rate-base additions, and, to a certain extent, by changes in delivered volumes due to weather and customers' gas usage patterns. In Oregon, NW Natural has a conservation tariff (also called the decoupling mechanism), which adjusts margin up or down each month through a deferred regulatory accounting adjustment designed to offset changes resulting from increases or decreases in average use by residential and commercial customers. NW Natural also has a weather normalization tariff in Oregon, WARM, which adjusts customer bills up or down to offset changes in margin resulting from above- or below-average temperatures during the winter heating season. Residential and commercial customers in Oregon are allowed to opt out of the weather normalization mechanism, and as of December 31, 2023, approximately 7% of total eligible customers had opted out. NW Natural does not have a weather normalization mechanism approved for Washington customers, which account for about 12% of total customers. The decoupling and WARM mechanisms are designed to reduce, but not eliminate, the volatility of customer bills and natural gas distribution revenue. See "Regulatory Matters—Rate Mechanisms" above. In addition to NW Natural's local gas distribution business, the NGD segment also includes the portion of the Mist underground storage facility used to serve NGD customers, the North Mist gas storage expansion, NWN Gas Reserves, which is a wholly owned subsidiary of Energy Corp., and NW Natural RNG Holding Company, LLC.

The NGD business is primarily seasonal in nature due to higher gas usage by residential and commercial customers during the cold winter heating months. Other categories of customers experience seasonality in their usage but to a lesser extent. Seasonality affects the comparability of the results of operations of the NGD business across quarters but not across years.

NGD segment highlights include:

Dollars and therms in millions, except EPS data	2023	2022	2021
NGD net income	\$ 94.0	\$ 79.7	\$ 69.0
Diluted EPS - NGD segment	\$ 2.59	\$ 2.34	\$ 2.24
Gas sold and delivered (in therms)	1,207	1,252	1,185
NGD margin ⁽¹⁾	\$ 575.0	\$ 505.9	\$ 479.8

⁽¹⁾ See Natural Gas Distribution Margin Table below for additional detail.

2023 COMPARED TO 2022 NGD net income was \$94.0 million in 2023 compared to \$79.7 million in 2022. The primary factors contributing to the increase in NGD net income were as follows:

- \$69.1 million increase in NGD margin primarily due to:
 - \$47.5 million increase due to new customer rates in Oregon and Washington that went into effect November 1, 2022;
 - \$9.4 million increase due to actual gas prices that were lower than what was estimated in the 2022-2023 PGA;
 - \$9.2 million increase due to the amortization of deferred balances primarily related to COVID-19, cybersecurity, and ERP upgrades (which is mostly offset in operations and maintenance expenses and interest expense); and
 - \$4.6 million increase driven by customer growth; partially offset by
 - \$2.4 million decrease due to warmer than average weather for customers not covered under the weather normalization mechanism.
- \$15.8 million increase in other income, net driven by interest income from invested cash and the equity portion of AFUDC, and lower pension costs; partially offset by
- \$40.0 million increase in NGD operations and maintenance expenses due to higher payroll costs, higher contract labor, the amortization of deferred balances (which is mostly offset in revenues), information technology costs and amortization expense related to cloud computing arrangements;
- \$14.3 million increase in interest expense primarily due to higher long-term debt balances;
- \$6.5 million increase in depreciation expense due to additional capital investments in the distribution system, including several significant information technology projects that were placed into service in September 2022; and
- \$4.9 million higher income tax expense reflecting higher pre-tax income.

Total natural gas sold and delivered in 2023 decreased 4% over 2022 primarily due to 8% warmer than average weather in 2023 compared to 1% colder than average weather in 2022.

2022 COMPARED TO 2021 NGD net income was \$79.7 million in 2022 compared to \$69.0 million in 2021. The primary factors contributing to the increase in NGD net income were as follows:

- \$26.1 million increase in NGD margin primarily due to:
 - \$14.9 million increase due to new customer rates from the 2022 Oregon and 2021 Washington rate cases that went into effect November 1, 2022;
 - \$6.1 million increase driven by customer growth;
 - \$3.0 million increase due to higher usage from colder comparative weather from customers that are not decoupled, net of the loss from the Oregon gas cost incentive sharing mechanism;
 - \$2.9 million increase due to the amortization of deferred balances primarily related to COVID-19, cybersecurity, and ERP upgrades; and
- \$12.1 million increase in other income, net primarily due to lower pension non-service costs and interest income from the equity portion of AFUDC; partially offset by
- \$16.7 million increase in NGD operations and maintenance expenses due to higher contract labor, amortization expense related to cloud computing arrangements, professional service fees, and information technology costs;
- \$3.4 million increase in interest expense primarily due to higher long-term debt balances and higher interest rates, partially offset by higher AFUDC debt interest income;
- \$2.9 million higher income tax expense reflecting higher pre-tax income; and
- \$2.4 million increase in depreciation expense as we continue to invest in our natural gas utility system and facilities.

Total natural gas sold and delivered in 2022 increased 6% over 2021 primarily due to 1% colder than average weather in 2022 compared to 12% warmer than average weather in 2021.

NATURAL GAS DISTRIBUTION MARGIN TABLE. The following table summarizes the composition of NGD gas volumes, revenues, and cost of sales:

In thousands, except degree day and customer data	2023	2022	2021	Favorable (Unfavorable)	
				2023 vs. 2022	2022 vs. 2021
NGD volumes (therms):					
Residential and commercial sales	735,755	766,592	703,054	(30,837)	63,538
Industrial sales and transportation	470,919	485,745	481,721	(14,826)	4,024
Total NGD volumes sold and delivered	1,206,674	1,252,337	1,184,775	(45,663)	67,562
Operating revenues:					
Residential and commercial sales	\$ 1,015,072	\$ 881,370	\$ 730,794	\$ 133,702	\$ 150,576
Industrial sales and transportation	97,886	86,810	65,299	11,076	21,511
Other distribution revenues	4,540	1,944	1,707	2,596	237
Other regulated services	18,902	19,628	19,087	(726)	541
Total operating revenues	1,136,400	989,752	816,887	146,648	172,865
Less: Cost of gas	500,061	429,861	292,538	(70,200)	(137,323)
Less: Environmental remediation expense	12,899	12,389	9,938	(510)	(2,451)
Less: Revenue taxes	48,432	41,627	34,600	(6,805)	(7,027)
NGD margin	\$ 575,008	\$ 505,875	\$ 479,811	\$ 69,133	\$ 26,064
NGD margin⁽¹⁾					
Residential and commercial sales	\$ 512,479	\$ 455,686	\$ 430,295	\$ 56,793	\$ 25,391
Industrial sales and transportation	34,748	33,543	32,182	1,205	1,361
Gain (loss) from gas cost incentive sharing	4,459	(4,917)	(3,381)	9,376	(1,536)
Other margin	4,426	1,943	1,633	2,483	310
Other regulated services	18,896	19,620	19,082	(724)	538
NGD margin	\$ 575,008	\$ 505,875	\$ 479,811	\$ 69,133	\$ 26,064
Degree days⁽²⁾					
Average ⁽³⁾	2,686	2,686	2,692	—	(6)
Actual	2,480	2,712	2,378	(9)%	14 %
Percent (warmer) colder than average weather	(8)%	1 %	(12)%		
NGD meters - end of period:					
Residential meters	728,915	724,287	715,958	4,628	8,329
Commercial meters	69,273	69,139	68,961	134	178
Industrial meters	1,062	1,071	978	(9)	93
Total number of meters	799,250	794,497	785,897	4,753	8,600
NGD meter growth:					
Residential meters	0.6 %	1.2 %			
Commercial meters	0.2 %	0.3 %			
Industrial meters	(0.8)%	9.5 %			
Total meter growth	0.6 %	1.1 %			

⁽¹⁾ Amounts reported as NGD margin for each category of meters are operating revenues less cost of gas, environmental remediation expense and revenue taxes.

⁽²⁾ Heating degree days are units of measure reflecting temperature-sensitive consumption of natural gas, calculated by subtracting the average of a day's high and low temperatures from 59 degrees Fahrenheit.

⁽³⁾ Average weather represents the 25-year average of heating degree days. Beginning November 1, 2022, average weather is calculated over the period June 1, 1996 through May 31, 2021, as determined in NW Natural's 2022 Oregon general rate case. From November 1, 2020 through October 31, 2022, average weather was calculated over the period June 1, 1994 through May 31, 2019, as determined in NW Natural's 2020 Oregon general rate case.

Residential and Commercial Sales

The primary factors that impact results of operations in the residential and commercial markets are customer growth, seasonal weather patterns, energy prices, competition from other energy sources, and economic conditions in our service areas. The impact of weather on margin is significantly reduced through NW Natural's weather normalization mechanism in Oregon; approximately 81% of NW Natural's total customers are covered under this mechanism. The remaining customers either opt out of the mechanism or are located in Washington, which does not have a similar mechanism in place. For more information on the weather mechanism, see "Regulatory Matters—Rate Mechanisms—WARM" above.

NGD residential and commercial sales highlights include:

<i>In millions</i>	2023	2022	2021
Volumes (therms):			
Residential sales	455.7	478.1	445.6
Commercial sales	280.1	288.5	257.5
Total volumes	735.8	766.6	703.1
Operating revenues:			
Residential sales	\$ 685.5	\$ 595.0	\$ 506.2
Commercial sales	329.6	286.4	224.6
Total operating revenues	\$ 1,015.1	\$ 881.4	\$ 730.8
NGD Margin:			
Residential margin	\$ 371.3	\$ 328.2	\$ 312.5
Commercial margin	141.2	127.5	117.8
Total NGD margin	\$ 512.5	\$ 455.7	\$ 430.3

2023 COMPARED TO 2022. NGD residential and commercial operating revenue increased \$133.7 million and NGD margin increased \$56.8 million compared to the prior year. The increase was primarily driven by new customer rates in Oregon and Washington that took effect on November 1, 2022 and 0.6% growth in residential customer meters. Sales volumes decreased 30.8 million therms, or 4%, due to lower usage driven by comparatively warmer weather.

2022 COMPARED TO 2021. The increase of \$150.6 million in total NGD residential and commercial operating revenue and \$25.4 million in NGD margin were primarily the result of new customer rates in Oregon and Washington that took effect on November 1, 2022, 1.2% growth in residential customer meters, and higher usage from colder comparative weather from customers that are not decoupled. Sales volumes increased 63.5 million therms, or 9%, primarily due to higher usage driven by comparatively colder weather.

Industrial Sales and Transportation

Industrial customers have the option of purchasing sales or transportation services. Under the sales service, the customer buys the gas commodity from NW Natural. Under the transportation service, the customer buys the gas commodity directly from a third-party gas marketer or supplier. The NGD gas commodity cost is primarily a pass-through cost to customers; therefore, NGD profit margins are not materially affected by an industrial customer's decision to purchase gas from third parties. Industrial and large commercial customers may also select between firm and interruptible service options, with firm services generally providing higher profit margins compared to interruptible services. To help manage gas supplies, industrial tariffs are designed to provide some certainty regarding industrial customers' volumes by requiring an annual service election which becomes effective November 1, special charges for changes between elections, and in some cases, a minimum or maximum volume requirement before changing options.

NGD industrial sales and transportation highlights include:

<i>In millions</i>	2023	2022	2021
Volumes (therms):			
Firm and interruptible sales	102.3	104.4	90.8
Firm and interruptible transportation	368.6	381.3	390.9
Total volumes	470.9	485.7	481.7
NGD Margin:			
Firm and interruptible sales	\$ 14.1	\$ 13.6	\$ 12.6
Firm and interruptible transportation	20.6	19.9	19.6
Total NGD margin	\$ 34.7	\$ 33.5	\$ 32.2

2023 COMPARED TO 2022. NGD industrial sales and transportation margin increased \$1.2 million compared to the prior year primarily driven by new rates in Oregon and Washington that took effect on November 1, 2022, partially offset by lower sales volumes. Sales volumes decreased 14.8 million therms, or 3%, primarily due to lower usage from multiple customers, most notably in the primary metals, pulp and paper, glass, stone and clay, and chemical manufacturing industries.

2022 COMPARED TO 2021. NGD total industrial sales and transportation volumes increased 4.0 million therms, or 1%, primarily due to higher usage from multiple customers, most notably in the light manufacturing, primary metals, and electric manufacturing industries, partially offset by lower usage from customers in the plastic manufacturing industry. NGD margin increased \$1.3 million primarily driven by new rates in Oregon and Washington that took effect on November 1, 2022.

Other Regulated Services Margin

Other Regulated Services primarily consist of lease revenues from NW Natural's North Mist storage facility as well as other lease revenues for compressed natural gas assets. See Note 7 for more information regarding North Mist expansion lease accounting.

Other regulated services margin highlights include:

<i>In millions</i>	2023	2022	2021
North Mist storage services	\$ 18.6	\$ 19.4	\$ 18.9
Other services	0.3	0.2	0.2
Total other regulated services	\$ 18.9	\$ 19.6	\$ 19.1

2023 COMPARED TO 2022. Other regulated services margin decreased \$0.7 million compared to the prior year due to lower depreciation rates for the North Mist facility beginning November 1, 2022.

2022 COMPARED TO 2021. Other regulated services margin increased \$0.5 million due to an increase in storage service revenue from the North Mist facility.

Cost of Gas

Cost of gas as reported by the NGD segment includes gas purchases, gas storage costs, gas commodity derivatives contracts, pipeline demand cost, seasonal demand cost balancing adjustments, renewable natural gas and its attributes, including renewable thermal certificates, regulatory gas cost deferrals, gas reserves costs, and company gas use. The OPUC and WUTC generally require natural gas commodity costs to be billed to customers at the actual cost incurred, or expected to be incurred. Customer rates are set each year so that if cost estimates were met the NGD business would not earn a profit or incur a loss on gas commodity purchases; however, in Oregon we have the incentive sharing mechanism described under "Regulatory Matters—Rate Mechanisms—Purchased Gas Adjustment" above. In addition to the PGA incentive sharing mechanism, gains and losses from hedge contracts entered into after annual PGA rates are effective for Oregon customers are also required to be shared and therefore may impact net income. Further, NW Natural also has a regulatory agreement whereby it earns a rate of return on its investment in the gas reserves acquired under the original agreement with Encana and includes gas from the amended gas reserves agreement at a fixed rate of \$0.4725 per therm, which are also reflected in NGD margin. See "Application of Critical Accounting Policies and Estimates—Derivative Instruments and Hedging Activities" below.

Cost of gas highlights include:

<i>In millions, except where indicated</i>	2023	2022	2021
Cost of gas	\$ 500.1	\$ 429.9	\$ 292.5
Volumes sold (therms) ⁽¹⁾	838.1	871.0	793.9
Average cost of gas (cents per therm)	\$ 0.60	\$ 0.49	\$ 0.37
Gain (loss) from gas cost incentive sharing ⁽²⁾	\$ 4.5	\$ (4.9)	\$ (3.4)

⁽¹⁾ This calculation excludes volumes delivered to industrial transportation customers.

⁽²⁾ For a discussion of the gas cost incentive sharing mechanism, see "Regulatory Matters—Rate Mechanisms—Purchased Gas Adjustment" above.

2023 COMPARED TO 2022. Cost of gas increased \$70.2 million, or 16%, primarily due to a 21% increase in the average cost of gas with these higher gas costs embedded in the 2022-2023 PGA. Volumes sold decreased 32.9 million, or 4%, due to lower usage from customers driven by comparatively warmer weather.

2022 COMPARED TO 2021. Cost of gas increased \$137.4 million, or 47%, primarily due to a 32% increase in the average cost of gas with the majority of these higher gas costs embedded in the PGA. The remaining increase in cost of gas is primarily the result of a 10% increase in volumes sold, driven by customer growth and comparatively colder weather.

Other

Other activities aggregated and reported as other at NW Holdings include NNG Financial's investment in Kelso-Beaver Pipeline (KB Pipeline); NW Natural Renewables Holdings, LLC and its non-regulated renewable natural gas activities; NWN Water, which owns and continues to pursue investments in the water, wastewater and water services sectors; and NWN Water's investment in

Avion Water Company, Inc. (Avion Water). Other activities aggregated and reported as other at NW Natural include the non-NGD storage activity at Mist as well as asset management services and the appliance retail center operations. See Note 4 for further discussion of our business segment and other, as well as our direct and indirect wholly-owned subsidiaries. See Note 13 for information on our Avion Water investment.

At Mist, NW Natural provides gas storage services to customers in the interstate and intrastate markets using storage capacity that has been developed in advance of NGD customers' requirements. Pre-tax income from gas storage at Mist and asset management services is subject to revenue sharing with NGD customers. Under this regulatory incentive sharing mechanism, NW Natural retains 80% of pre-tax income from Mist gas storage services and asset management services when the underlying costs of the capacity being used are not included in NGD business rates. The remaining 20% is credited to a deferred regulatory account for credit to NGD customers. To the extent that the capacity used is included in NGD rates, NW Natural retains 10% of pre-tax income from such storage and asset management services and 90% is credited to NGD business customers.

The following table presents the results of activities aggregated and reported as other for both NW Holdings and NW Natural:

<i>In millions, except EPS data</i>	2023	2022	2021
NW Natural other - net income	\$ 10.7	\$ 11.9	\$ 12.2
Other NW Holdings activity	(10.9)	(5.3)	(2.5)
NW Holdings other - net income (loss)	\$ (0.2)	\$ 6.6	\$ 9.7
Diluted earnings per share - NW Holdings - other	\$ —	\$ 0.20	\$ 0.32

2023 COMPARED TO 2022. Other net income decreased \$6.8 million and \$1.2 million at NW Holdings and NW Natural, respectively. The decrease at NW Natural was primarily due to lower sales at the appliance retail center. The decrease at NW Holdings was driven by higher interest expense at the holding and water companies, partially offset by a gain recognized from a settlement agreement.

2022 COMPARED TO 2021. Other net income decreased \$3.1 million and \$0.3 million at NW Holdings and NW Natural, respectively. The decrease at NW Holdings was driven by the decrease at NW Natural, higher interest expense at the holding company, and costs associated with non-regulated renewable natural gas activities.

Consolidated Operations

Operations and Maintenance

Operations and maintenance highlights include:

<i>In millions</i>	2023	2022	2021
NW Natural	\$ 244.7	\$ 204.8	\$ 188.8
Other NW Holdings operations and maintenance	29.1	19.9	15.4
NW Holdings	\$ 273.8	\$ 224.7	\$ 204.2

2023 COMPARED TO 2022. Operations and maintenance expense increased \$39.8 million at NW Natural primarily due to the following:

- \$10.6 million increase related to higher payroll costs;
- \$7.9 million increase in contract labor for safety and reliability and support for information technology system upgrades;
- \$7.7 million increase due to the amortization of deferred balances (which is mostly offset in revenues) primarily related to COVID-19, cybersecurity and information technology system upgrades;
- \$6.0 million increase in information technology licensing costs and maintenance;
- \$5.4 million increase in amortization expense related to cloud computing arrangements; and
- \$1.9 million increase in bad debt expense.

Operations and maintenance expense increased \$49.1 million at NW Holdings primarily due to the following:

- \$39.8 million increase in operations and maintenance expense at NW Natural as discussed above; and
- \$9.3 million increase in other NW Holdings operations and maintenance expense primarily due to costs associated with recently acquired water and wastewater subsidiaries and business development costs at the holding company.

2022 COMPARED TO 2021. Operations and maintenance expense increased \$16.0 million for NW Natural primarily due to the following:

- \$6.0 million increase in contract labor for safety and reliability and contracted support for information technology system upgrades;
- \$4.1 million increase in amortization expense related to cloud computing arrangements;
- \$3.0 million increase in information technology maintenance and support; and
- \$2.0 million increase in professional service fees.

Operations and maintenance expense increased \$20.5 million for NW Holdings primarily due to the following:

- \$16.0 million increase in operations and maintenance expense at NW Natural as discussed above; and
- \$4.5 million increase in other NW Holdings operations and maintenance expense primarily due to costs associated with water and wastewater subsidiaries and non-regulated renewable natural gas activities.

Depreciation

Depreciation highlights include:

<i>In millions</i>	2023	2022	2021
NW Natural	\$ 119.5	\$ 113.0	\$ 110.5
Other NW Holdings depreciation	6.1	3.7	3.0
NW Holdings	\$ 125.6	\$ 116.7	\$ 113.5

2023 COMPARED TO 2022. Depreciation expense increased \$6.5 million for NW Natural, primarily due to additional capital investments in the distribution system, such as installing new mains and services and replacing regulating equipment, as well as upgrading and improving the transmission system for mains. In addition, NW Natural placed several significant information technology projects into service in September 2022 and continued to invest in information technology projects in 2023.

Depreciation expense increased \$8.9 million for NW Holdings, primarily due to a \$2.4 million increase in other NW Holdings depreciation related to water and wastewater subsidiaries and a \$6.5 million increase at NW Natural as discussed above.

2022 COMPARED TO 2021. Depreciation expense increased \$2.5 million for NW Natural, primarily due to additional capital investments in the distribution system, Mist storage, and information technology systems, as well as renovation and construction of resource and operations service centers. The increase was partially offset by the amortization of cloud computing arrangements, which are recorded within operations and maintenance expenses beginning in 2022.

Depreciation expense increased \$3.2 million for NW Holdings, primarily due to a \$0.7 million increase in other NW Holdings depreciation related to water and wastewater subsidiaries and a \$2.5 million increase at NW Natural as discussed above.

Other Income (Expense), Net

Other income (expense), net highlights include:

<i>In millions</i>	2023	2022	2021
NW Natural total other income (expense), net	\$ 15.4	\$ (0.4)	\$ (12.7)
Other NW Holdings activity	2.5	1.6	0.1
NW Holdings total other income (expense), net	\$ 17.9	\$ 1.2	\$ (12.6)

Other income (expense), net primarily consists of regulatory interest, pension and other postretirement non-service costs, gains from company-owned life insurance, interest income and donations.

2023 COMPARED TO 2022. Other income, net increased \$15.8 million at NW Natural primarily due to \$5.5 million of interest income from invested cash, \$4.1 million from higher equity AFUDC interest income, and \$5.8 million of lower pension costs. Costs related to our defined benefit pension plan for 2023 decreased compared to the prior year due to a decrease in amortization of actuarial losses.

Other income, net increased \$16.7 million at NW Holdings driven by the increase at NW Natural discussed above and a \$2.7 million gain recognized from a settlement agreement with a third party to settle outstanding receivables, partially offset by contributions to fund community outreach initiatives at NW Holdings.

2022 COMPARED TO 2021. Other expense, net decreased \$12.3 million at NW Natural primarily due to lower pension non-service costs and interest income from the equity portion of AFUDC. Costs related to our defined benefit pension plan in 2022 decreased compared to the prior year due to changes in assumptions and gains on plan assets.

Other income, net increased \$13.8 million at NW Holdings driven by the change at NW Natural discussed above, in addition to earnings from Avion Water.

Interest Expense, Net

Interest expense, net highlights include:

In millions	2023	2022	2021
NW Natural	\$ 60.6	\$ 46.3	\$ 43.0
Other NW Holdings interest expense	16.0	6.9	1.5
NW Holdings	\$ 76.6	\$ 53.2	\$ 44.5

2023 COMPARED TO 2022. Interest expense, net, increased \$14.3 million at NW Natural primarily due to higher interest expense on a higher level of long-term debt, partially offset by a lower level of short-term debt.

Interest expense, net, increased \$23.3 million at NW Holdings due to the increase at NW Natural discussed above and higher interest expense on a higher level of long-term debt at NW Holdings and NWN Water.

2022 COMPARED TO 2021. Interest expense, net, increased \$3.3 million at NW Natural primarily due to a higher interest rate on a lower commercial paper balance and higher interest rates and a higher level of long-term debt, partially offset by higher AFUDC debt interest income.

Interest expense, net, increased \$8.7 million at NW Holdings primarily due to the increase at NW Natural discussed above and higher interest expense on the credit facility and long-term debt at NW Holdings as a result of higher balances and higher interest rates.

Income Tax Expense

NW Holdings income tax expense highlights include:

In millions	2023	2022	2021
Income tax expense	\$ 32.4	\$ 29.1	\$ 27.4
Effective tax rate	25.6 %	25.2 %	25.8 %

NW Natural income tax expense highlights include:

In millions	2023	2022	2021
Income tax expense	\$ 35.7	\$ 31.0	\$ 28.3
Effective tax rate	25.4 %	25.3 %	25.9 %

2023 COMPARED TO 2022. The effective tax rate increased 0.4% and 0.1% at NW Holdings and NW Natural, respectively. The increase in the effective tax rate is primarily due to higher pre-tax income in the current period compared to the prior year.

2022 COMPARED TO 2021. The effective tax rate decreased 0.6 percentage points at both NW Holdings and NW Natural. The decrease in the effective tax rate is primarily due to lower income tax amortization of the 2020 Oregon Corporate Activity Tax (CAT) in 2022, which was subject to regulatory deferral when it became effective on January 1, 2020 and then amortized in income tax expense as recovery began in late 2020, 2021, and 2022.

FINANCIAL CONDITION

Capital Structure

NW Holdings' long-term goal is to maintain a strong and balanced consolidated capital structure. NW Natural targets a regulatory capital structure of 50% common equity and 50% long-term debt, which is consistent with approved regulatory allocations in Oregon, which has an allocation of 50% common equity and 50% long-term debt without recognition of short-term debt, and Washington, which has an allocation of 50% long-term debt, 1% short-term debt, and 49% common equity.

When additional capital is required, debt or equity securities are issued depending on both the target capital structure and market conditions. These sources of capital are also used to fund long-term debt retirements and short-term commercial paper maturities. See "Liquidity and Capital Resources" below and Note 9. Achieving our target capital structure and maintaining sufficient liquidity to meet operating requirements is necessary to maintain attractive credit ratings and provide access to the capital markets at reasonable costs.

NW Holdings' consolidated capital structure, excluding short-term debt, was as follows:

	December 31,	
	2023	2022
Common equity	44.9 %	46.8 %
Long-term debt (including current maturities)	55.1	53.2
Total	100.0 %	100.0 %

NW Natural's consolidated capital structure, excluding short-term debt, was as follows:

	December 31,	
	2023	2022
Common equity	47.5 %	51.4 %
Long-term debt (including current maturities)	52.5	48.6
Total	100.0 %	100.0 %

As of December 31, 2023 and 2022, NW Holdings' consolidated capital structure included common equity of 43.5% and 42.4%, long-term debt of 48.3% and 45.0%, and short-term debt including current maturities of long-term debt of 8.2% and 12.6%, respectively. As of December 31, 2023 and 2022, NW Natural's consolidated capital structure included common equity of 47.2% and 47.9%, long-term debt of 52.2% and 41.6%, and short-term debt including current maturities of long-term debt of 0.6% and 10.5%, respectively.

During 2023, NW Natural's capital structure changed primarily due to the issuance of long-term debt and capital contributions from NW Holdings. NW Holdings' capital structure changed primarily due to the issuance of long-term debt and common stock at NW Holdings. See further discussion below in "Cash Flows—*Financing Activities*".

Liquidity and Capital Resources

At December 31, 2023 and December 31, 2022, NW Holdings had approximately \$32.9 million and \$29.3 million, and NW Natural had approximately \$19.8 million and \$13.0 million, of cash and cash equivalents, respectively. In order to maintain sufficient liquidity during periods when capital markets are volatile, NW Holdings and NW Natural may elect to maintain higher cash balances and add short-term borrowing capacity. NW Holdings and NW Natural may also pre-fund their respective capital expenditures when long-term fixed rate environments are attractive. NW Holdings and NW Natural expect to have ample liquidity in the form of cash on hand and from operations and available credit capacity under credit facilities to support funding needs.

ATM Equity Program

In August 2021, NW Holdings initiated an at-the-market (ATM) equity program by entering into an equity distribution agreement under which NW Holdings may issue and sell from time to time shares of common stock, no par value, having an aggregate gross sales price of up to \$200 million. NW Holdings is under no obligation to offer and sell common stock under the ATM equity program, which expires in August 2024. Any shares of common stock offered under the ATM equity program are registered on NW Holdings' universal shelf registration statement filed with the SEC. During the year ended December 31, 2023, NW Holdings issued and sold 1,646,325 shares of common stock pursuant to the ATM equity program resulting in cash proceeds of \$66.4 million, net of fees and commissions paid to agents of \$1.2 million. As of December 31, 2023, NW Holdings had \$43.5 million of equity available for issuance under the program.

NW Holdings

For NW Holdings, short-term liquidity is primarily provided by cash balances, dividends from its operating subsidiaries, in particular NW Natural, available cash from a multi-year credit facility, and short-term credit facilities. NW Holdings also has a universal shelf registration statement filed with the SEC for the issuance of debt and equity securities, which it used to sell long-term unsecured notes that are due to close in early March 2024. NW Holdings long-term debt and equity issuances are primarily used to provide equity contributions to NW Holdings' operating subsidiaries for operating and capital expenditures and other corporate purposes. NW Natural also has a universal shelf registration statement filed with the SEC for the issuance of debt securities. From 2024 through 2026, we estimate NW Holdings' and NW Natural's combined incremental capital needs to be in the range of \$500 million to \$575 million. NW Holdings' issuance of securities is not subject to regulation by state public utility commissions, but the dividends from NW Natural to NW Holdings are subject to regulatory ring-fencing provisions. NW Holdings guarantees the debt of its wholly-owned subsidiary, NWN Water. See "*Long-Term Debt*" below for more information regarding NWN Water debt.

As part of the ring-fencing conditions agreed upon with the OPUC and WUTC in connection with the holding company reorganization, NW Natural may not pay dividends or make distributions to NW Holdings if NW Natural's credit ratings and common equity ratio, defined as the ratio of equity to long-term debt, fall below specified levels. If NW Natural's long-term secured credit ratings are below A- for S&P and A3 for Moody's, dividends may be issued so long as NW Natural's common equity ratio is 45% or more. If NW Natural's long-term secured credit ratings are below BBB for S&P and Baa2 for Moody's,

dividends may be issued so long as NW Natural's common equity ratio is 46% or more. Dividends may not be issued if NW Natural's long-term secured credit ratings are BB+ or below for S&P or Ba1 or below for Moody's, or if NW Natural's common equity ratio is below 44%, where the ratio is measured using common equity and long-term debt excluding imputed debt or debt-like lease obligations. In each case, common equity ratios are determined based on a preceding or projected 13-month average. In addition, there are certain OPUC notice requirements for dividends in excess of 5% of NW Natural's retained earnings.

Additionally, if NW Natural's common equity (excluding goodwill and equity associated with non-regulated assets), on a preceding or projected 13-month average basis, is less than 46% of NW Natural's capital structure, NW Natural is required to notify the OPUC, and if the common equity ratio falls below 44%, file a plan with the OPUC to restore its equity ratio to 44%. This condition is designed to ensure NW Natural continues to be adequately capitalized under the holding company structure. Under the WUTC order, the average common equity ratio must not exceed 56%.

At December 31, 2023 and 2022, NW Natural satisfied the ring-fencing provisions described above.

Based on several factors, including current cash reserves, committed credit facilities, its ability to receive dividends from its operating subsidiaries, in particular NW Natural, a contracted issuance of long-term debt in March 2024, and an expected ability to issue long-term debt and equity securities in the capital markets, NW Holdings believes its liquidity is sufficient to meet anticipated near-term cash requirements, including all contractual obligations, investing, and financing activities as discussed in "Cash Flows" below.

NW HOLDINGS DIVIDENDS. Quarterly dividends have been paid on common stock each year since NW Holdings' predecessor's stock was first issued to the public in 1951. Annual common stock dividend payments per share, adjusted for stock splits, have increased each year since 1956. The declarations and amount of future dividends to shareholders will depend upon earnings, cash flows, financial condition, NW Natural's ability to pay dividends to NW Holdings and other factors. The amount and timing of dividends payable on common stock is at the sole discretion of the NW Holdings Board of Directors.

NW Natural

For the NGD business segment, short-term borrowing requirements typically peak during colder winter months when the NGD business borrows money to cover the lag between natural gas purchases and bill collections from customers. Short-term liquidity for the NGD business is primarily provided by cash balances, internal cash flow from operations, proceeds from the sale of commercial paper notes, as well as available cash from multi-year credit facilities, short-term credit facilities, company-owned life insurance policies, the sale of long-term debt, and equity contributions from NW Holdings. NW Natural's long-term debt and contributions from NW Holdings are primarily used to finance NGD capital expenditures, refinance maturing debt, and provide temporary funding for other general corporate purposes of the NGD business.

Based on its current debt ratings (see "Credit Ratings" below), NW Natural has been able to issue commercial paper and long-term debt at attractive rates. In the event NW Natural is not able to issue new long-term debt due to adverse market conditions or other reasons, NW Natural expects that near-term liquidity needs can be met using internal cash flows, issuing commercial paper, receiving equity contributions from NW Holdings, or drawing upon a committed credit facility. NW Natural also has a universal shelf registration statement filed with the SEC for the issuance of secured and unsecured debt securities.

In the event senior unsecured long-term debt ratings are downgraded, or outstanding derivative positions exceed a certain credit threshold, counterparties under derivative contracts could require NW Natural to post cash, a letter of credit, or other forms of collateral, which could expose NW Natural to additional cash requirements and may trigger increases in short-term borrowings while in a net loss position. NW Natural was not required to post collateral at December 31, 2023. See Note 15 below.

Other items that may have a significant impact on NW Natural's liquidity and capital resources include NW Natural's pension contribution requirements and environmental expenditures.

PENSION CONTRIBUTIONS. NW Natural expects to make contributions to its company-sponsored defined benefit plan, which is closed to new employees, over the next several years under applicable laws and regulations. See "Application of Critical Accounting Policies—Pensions and Postretirement Benefits" below and Note 10 for more information.

ENVIRONMENTAL EXPENDITURES. NW Natural expects to continue using cash resources to fund environmental liabilities for future environmental remediation or action. NW Natural has authorizations in Oregon and Washington to defer costs related to remediation of properties that are owned or were previously owned by NW Natural. In Oregon, a Site Remediation and Recovery Mechanism (SRRM) is currently in place to recover prudently incurred costs allocable to Oregon customers, subject to an earnings test. On October 21, 2019 the WUTC authorized an Environmental Cost Recovery Mechanism (ECRM) for recovery of prudently incurred costs allocable to Washington customers beginning November 1, 2019. See Note 17 and "Results of Operations—Regulatory Matters—Environmental Cost Deferral and Recovery" above.

Based on several factors, including current credit ratings, NW Natural's commercial paper program, current cash reserves, committed credit facilities, and an expected ability to issue long-term debt and receive equity contributions from NW Holdings.

NW Natural believes its liquidity is sufficient to meet anticipated near-term cash requirements, including all contractual obligations, and investing and financing activities as discussed in "Cash Flows" below.

NW NATURAL DIVIDENDS. The declarations and amount of future dividends to NW Holdings will depend upon earnings, cash flows, financial condition, the satisfaction of OPUC and WUTC regulatory ring-fencing restrictions, and other factors. The amount and timing of dividends payable on common stock is subject to approval of the NW Natural Board of Directors.

Gas and Pipeline Capacity Purchase Agreements

NW Natural has signed agreements providing for the reservation of firm pipeline capacity under which it is required to make monthly payments for contracted capacity. The pricing component of the monthly payment is established, subject to change, by U.S. or Canadian regulatory bodies, or is established directly with private counterparties, as applicable. In addition, NW Natural has entered into long-term agreements to release firm pipeline capacity. NW Natural also enters into short-term and long-term gas purchase agreements. Refer to Note 16 for gas and pipeline capacity purchase commitments.

NW Natural Renewables is an unregulated subsidiary of NW Natural Holdings established to pursue unregulated renewable natural gas activities. In September 2021, a subsidiary of NW Natural Renewables, Ohio Renewables, and a subsidiary of EDL, a global producer of sustainable distributed energy, executed agreements to partially fund two production facilities that are designed to convert landfill waste gases to RNG (EDL Facilities). The EDL Facilities have been constructed, and testing and commissioning of these facilities is underway, but has been delayed. Upon each of the EDL Facilities achieving full commercial operations, Ohio Renewables is committed to make cash payments of approximately \$25 million per facility to partially fund the infrastructure required to condition biogas. Alongside these development agreements, Ohio Renewables and the subsidiary of EDL executed agreements for Ohio Renewables to purchase up to an annual specified amount of RNG produced by the EDL Facilities over a 20-year period. Upon commencement of commercial operations, we currently estimate the amount of RNG purchases based on prices and quantities specified in the agreements to be as follows: approximately \$6.2 million in 2024, \$21.0 million in 2025, \$21.0 million in 2026, \$27.3 million in 2027, \$27.3 million in 2028 and \$579.7 million thereafter.

Ohio Renewables has contracted to sell RNG produced by the EDL Facilities up to certain specified volumes in each of calendar years 2024 through 2026 to an investment-grade counterparty. We currently estimate RNG volumes to be sold pursuant to this agreement to be approximately 3,540,000 MMBtu over the life of the agreement, provided that such amounts of RNG are produced by the EDL Facilities during that period.

Ohio Renewables additionally has contracted to sell a fixed-volume amount of RNG under a long-term agreement with an investment-grade utility beginning in 2025 and extending through 2042. Amounts to be delivered under this agreement are estimated to be 112,500 MMBtu in 2025, 375,000 MMBtu in 2026, 1,950,000 MMBtu annually in 2027 through 2034, and 2,775,000 MMBtu annually in years 2035 through 2042. Under the current contract, if less than 75% of the contracted volumes of RNG are not delivered on an annual basis, Ohio Renewables is obligated to pay the per MMBtu price for volumes between the amount delivered and 75% of the contracted volumes on an annual basis.

Other Purchase Agreements

Other purchase commitments primarily consist of remaining balances under existing purchase orders and gas storage agreements. At December 31, 2023, the amount due over the duration of the purchase agreements totaled \$35.4 million. Except for these certain purchase commitments, NW Holdings and NW Natural have no material off-balance sheet financing arrangements.

Short-Term Debt

The primary source of short-term liquidity for NW Holdings is cash balances, dividends from its operating subsidiaries, in particular NW Natural, available cash from a multi-year credit facility, and short-term credit facilities it may enter into from time to time.

The primary source of short-term liquidity for NW Natural is from the sale of commercial paper, available cash from a multi-year credit facility, and short-term credit facilities it may enter into from time to time. In addition to issuing commercial paper or entering into bank loans to meet working capital requirements, including seasonal requirements to finance gas purchases and accounts receivable, short-term debt may also be used to temporarily fund capital requirements. For NW Natural, commercial paper and bank loans are periodically refinanced through the sale of long-term debt or equity contributions from NW Holdings. Commercial paper, when outstanding, is sold through two commercial banks under an issuing and paying agency agreement and is supported by one or more unsecured revolving credit facilities. See "Credit Agreements" below.

At December 31, 2023 and 2022, NW Natural's short-term debt consisted of the following:

In millions	December 31, 2023		December 31, 2022	
	Balance Outstanding	Weighted Average Interest	Balance Outstanding	Weighted Average Interest
		Rate ⁽¹⁾		Rate ⁽¹⁾
NW Natural:				
Commercial paper	\$ 16.8	5.5 %	\$ 170.2	4.6 %
Other (NW Holdings):				
Credit agreement	73.0	6.4 %	88.0	5.3 %
NW Holdings	\$ 89.8		\$ 258.2	

⁽¹⁾ Weighted average interest rate on outstanding short-term debt

Credit Agreements

NW Holdings

NW Holdings has a \$200 million sustainability-linked credit agreement, with a feature that allows it to request increases in the total commitment amount, up to a maximum of \$300 million. The maturity date of the agreement is November 3, 2026, with available extensions of commitments for two additional one-year periods, subject to lender approval.

All lenders under the NW Holdings credit agreement are major financial institutions with committed balances and investment grade credit ratings as of December 31, 2023 as follows:

In millions	Lender rating, by category		Loan Commitment
	AA/Aa	Total	
AA/Aa			\$ 200
Total			\$ 200

Based on credit market conditions, it is possible one or more lending commitments could be unavailable to NW Holdings if the lender defaulted due to lack of funds or insolvency; however, NW Holdings does not believe this risk to be imminent due to the lenders' strong investment-grade credit ratings. There was \$73.0 million and \$88.0 million of outstanding balances under the NW Holdings agreement at December 31, 2023 and 2022, respectively.

The NW Holdings credit agreement permits the issuance of letters of credit in an aggregate amount of up to \$40 million. The principal amount of borrowings under the credit agreement is due and payable on the maturity date. The credit agreement requires NW Holdings to maintain a consolidated indebtedness to total capitalization ratio of 70% or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Holdings was in compliance with this covenant at December 31, 2023 and 2022, with consolidated indebtedness to total capitalization ratios of 56.5% and 57.6%, respectively.

The NW Holdings credit agreement also requires NW Holdings to maintain debt ratings (which are defined by a formula using NW Natural's credit ratings in the event NW Holdings does not have a credit rating) with Standard & Poor's (S&P) and Moody's Investors Service, Inc. (Moody's) and notify the lenders of any change in its senior unsecured debt ratings or senior secured debt ratings, as applicable, by such rating agencies. A change in NW Holdings' debt ratings by S&P or Moody's is not an event of default, nor is the maintenance of a specific minimum level of debt rating a condition of drawing upon the credit agreement. Rather, interest rates on any loans outstanding under the credit agreements are tied to debt ratings and therefore, a change in the debt rating would increase or decrease the cost of any loans under the credit agreements when ratings are changed. NW Holdings maintains a credit rating with S&P of A+ and does not currently maintain ratings with Moody's.

Interest charges on the NW Holdings credit agreement were indexed to the London Interbank Offered Rate (LIBOR) through January 31, 2023. The agreement was amended to replace LIBOR with the secured overnight financing rate (SOFR) beginning February 2023. The SOFR is subject to a 10 basis point spread adjustment. The NW Holdings credit agreement also includes a mechanism that can increase or decrease the undrawn interest rate by up to 1 basis point and undrawn interest rate by up to 5 basis points in accordance with NW Holdings' independently verified achievement of quantifiable metrics related to two goals—one related to carbon savings and one related to in-line inspections of NW Natural's transmission pipeline. Performance against these metrics is designed to be assessed annually with pricing adjustments, if any, resetting off of primary pricing annually and not cumulatively.

NW Holdings had no letters of credit issued and outstanding at December 31, 2023 and 2022.

NW Natural

NW Natural has a sustainability-linked multi-year credit agreement for unsecured revolving loans totaling \$400 million, with a feature that allows NW Natural to request increases in the total commitment amount, up to a maximum of \$600 million. The maturity date of the agreement is November 3, 2026 with an available extension of commitments for two additional one-year periods, subject to lender approval.

All lenders under the NW Natural credit agreement are major financial institutions with committed balances and investment grade credit ratings as of December 31, 2023 as follows:

In millions		Loan Commitment
Lender rating, by category		
AA/Aa		\$ 400
Total		\$ 400

Based on credit market conditions, it is possible one or more lending commitments could be unavailable to NW Natural if the lender defaulted due to lack of funds or insolvency; however, NW Natural does not believe this risk to be imminent due to the lenders' strong investment-grade credit ratings.

The NW Natural credit agreement permits the issuance of letters of credit in an aggregate amount of up to \$60 million. The principal amount of borrowings under the credit agreement is due and payable on the maturity date. There were no outstanding balances under this credit agreement at December 31, 2023 or 2022. The credit agreement requires NW Natural to maintain a consolidated indebtedness to total capitalization ratio of 70% or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Natural was in compliance with this covenant at December 31, 2023 and 2022, with consolidated indebtedness to total capitalization ratios of 52.8% and 52.1%, respectively.

The NW Natural credit agreement also requires NW Natural to maintain credit ratings with S&P and Moody's and notify the lenders of any change in NW Natural's senior unsecured debt ratings or senior secured debt ratings, as applicable, by such rating agencies. A change in NW Natural's debt ratings by S&P or Moody's is not an event of default, nor is the maintenance of a specific minimum level of debt rating a condition of drawing upon the credit agreement. Rather, interest rates on any loans outstanding under the credit agreement are tied to debt ratings and therefore, a change in the debt rating would increase or decrease the cost of any loans under the credit agreement when ratings are changed. See "*Credit Ratings*" below.

Interest charges on the NW Natural credit agreement were indexed to the LIBOR through January 31, 2023. The agreement was amended to replace LIBOR with the SOFR beginning February 2023. The SOFR is subject to a 10 basis point spread adjustment. The NW Natural credit agreement also includes a mechanism that can increase or decrease the undrawn interest rate by up to 1 basis point and undrawn interest rate by up to 5 basis points in accordance with NW Natural's independently verified achievement of quantifiable metrics related to two goals—one related to carbon savings and one related to in-line inspections of NW Natural's transmission pipeline. Performance against these metrics is designed to be assessed annually with pricing adjustments, if any, resetting off of primary pricing annually and not cumulatively.

NW Natural had one letter of credit outstanding at December 31, 2023 and no letters of credit outstanding at December 31, 2022. In December 2023, NW Natural issued a \$15 million letter of credit through its existing credit agreement, which expired January 5, 2024.

Letters of Credit Facility

In January 2024, NW Natural entered into an Uncommitted Letter of Credit and Reimbursement Agreement (LC Reimbursement Agreement), pursuant to which NW Natural agreed to reimburse each Lender acting as an issuing bank (Issuing Bank) thereunder for disbursements in respect of letters of credit (Letters of Credit) issued pursuant to the LC Reimbursement Agreement from time to time. The Company expects to use Letters of Credit issued under the facility created by the LC Reimbursement Agreement (LC Facility) primarily to support its participation in Washington Climate Commitment Act cap-and-invest program auctions.

Although there is no expressly stated maximum amount of Letters of Credit that can be issued or outstanding under the LC Facility, under current regulatory authority from the OPUC, the aggregate sum of Letters of Credit outstanding and available to be drawn under the LC Reimbursement Agreement may not exceed \$100 million at any one time. The Issuing Banks have no commitment to issue Letters of Credit under the LC Facility and will have the discretion to limit and condition the terms for the issuance of Letters of Credit (including maximum face amounts) in their sole discretion.

The LC Reimbursement Agreement requires NW Natural to maintain certain ratings with S&P and Moody's. NW Natural must also notify the Administrative Agent and Lenders of any change in the S&P or Moody's Ratings, although any such change is not an event of default.

The LC Reimbursement Agreement prohibits NW Natural from permitting Consolidated Indebtedness to be greater than 70% of Total Capitalization, each as defined therein and calculated as of the end of each fiscal quarter of NW Natural. Failure to comply with this financial covenant would constitute an Event of Default under the LC Reimbursement Agreement. The occurrence of this or any other Event of Default would entitle the Administrative Agent to require cash collateral for the LC Exposure, as defined in the LC Reimbursement Agreement, and to exercise all other rights and remedies available to it and the Lenders under the Credit Documents, as defined in the LC Reimbursement Agreement, and under applicable law.

Credit Ratings

NW Natural's credit ratings are a factor of liquidity, potentially affecting access to the capital markets including the commercial paper market. NW Natural's credit ratings also have an impact on the cost of funds, and may have an impact on the need to post collateral under financial derivative contracts.

The following table summarizes NW Natural's current credit ratings:

	S&P	Moody's
Commercial paper (short-term debt)	A-1	P-2
Senior secured (long-term debt)	AA-	A2
Senior unsecured (long-term debt)	n/a	Baa1
Corporate credit rating	A+	n/a
Ratings outlook	Negative	Stable

In October 2023, S&P revised NW Natural's ratings outlook from "stable" to "negative." Also in October 2023, S&P initiated a rating on NW Holdings of A+ with a negative outlook.

The above credit ratings and ratings outlook are dependent upon a number of factors, both qualitative and quantitative, and are subject to change at any time. The disclosure of or reference to these credit ratings is not a recommendation to buy, sell or hold NW Holdings or NW Natural securities. Each rating should be evaluated independently of any other rating.

As part of the ring-fencing conditions agreed upon with the OPUC and WUTC, NW Holdings and NW Natural are required to maintain separate credit ratings, long-term debt ratings, and preferred stock ratings, if any.

Long-Term Debt

Note Purchase Agreement

In December 2023, NW Holdings entered into a Note Purchase Agreement between NW Holdings and the institutional investors named as purchasers therein. The Note Purchase Agreement provides for the issuance of (i) \$100.0 million aggregate principal amount of NW Holdings' 5.78% Senior Notes, Series A, due March 7, 2028 (5.78% Notes) and (ii) \$50.0 million aggregate principal amount of NW Holdings' 5.84% Senior Notes, Series B, due March 7, 2029 (5.84% Notes) in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended. The 5.78% Notes and the 5.84% Notes are expected to be issued on or about March 7, 2024, pursuant to the Note Purchase Agreement. The proceeds from the Note Purchase Agreement are expected to be used to refinance \$150.0 million of existing term loans at NW Holdings and NWN Water.

The 5.78% Notes will bear interest at the rate of 5.78% per annum, payable semi-annually on March 7 and September 7 of each year, commencing September 9, 2024, and will mature on March 7, 2028. NW Holdings may, at its option, prepay at any time all, or from time to time any part of, the outstanding 5.78% Notes at a price equal to 100% of the principal amount thereof, plus a "make-whole" premium and accrued and unpaid interest thereon to the date of prepayment; provided, however, in the case of a partial prepayment, NW Holdings must prepay at least 5% of the aggregate principal amount of the 5.78% Notes outstanding. At any time on or after February 7, 2028, NW Holdings may, at its option, prepay all or any part of the 5.78% Notes at 100% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of prepayment, but without the payment of a "make-whole" premium, so long as there is no Default or Event of Default under the Note Purchase Agreement.

The 5.84% Bonds will bear interest at the rate of 5.84% per annum, payable semi-annually on March 7 and September 7 of each year, commencing September 9, 2024, and will mature on March 7, 2029. NW Holdings may, at its option, prepay at any time all, or from time to time any part of, the outstanding 5.84% Notes at a price equal to 100% of the principal amount thereof, plus a "make-whole" premium and accrued and unpaid interest thereon to the date of prepayment; provided, however, in the case of a partial prepayment, NW Holdings must prepay at least 5% of the aggregate principal amount of the 5.84% Notes outstanding. At any time on or after February 7, 2029, NW Holdings may, at its option, prepay all or any part of the 5.84% Notes at 100% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of prepayment, but without the payment of a "make-whole" premium, so long as there is no Default or Event of Default under the Note Purchase Agreement.

Issuance of Long-Term Debt

In August 2023, NW Natural issued and sold \$80.0 million aggregate principal amount of its FMBs, 5.18% Series and \$50.0 million aggregate principal amount of its FMBs, 5.23% Series. The 5.18% Bonds bear interest at the rate of 5.18% per annum, payable semi-annually on February 4 and August 4 of each year, commencing February 4, 2024, and will mature on August 4, 2034. The 5.23% Bonds bear interest at the rate of 5.23% per annum, payable semi-annually on February 4 and August 4 of each year, commencing February 4, 2024, and will mature on August 4, 2038.

In March 2023, NW Natural issued and sold \$100.0 million aggregate principal amount of 5.75% Secured Medium-Term Notes, Series B due 2033 (the Notes). The Notes bear interest at the rate of 5.75% per annum, payable semi-annually on March 15 and September 15 of each year.

In January 2023, NW Natural issued and sold \$100.0 million aggregate principal amount of its FMBs, 5.43% Series due January 2053. The 5.43% Bonds bear interest at the rate of 5.43% per annum, payable semi-annually on January 6 and July 6 of each year, commencing July 6, 2023, and will mature on January 6, 2053.

Interest Rate Swap Agreements

NW Holdings and NWN Water entered into interest rate swap agreements with major financial institutions that effectively convert variable-rate debt to a fixed rate. Interest payments made between the effective date and expiration date are hedged by the swap agreements. The notional amount, effective date, expiration date and benchmark rate of the swap agreements are shown in the table below:

<i>In millions</i>	Notional Amount	Effective Date	Expiration Date	Fixed Rate
NW Holdings	\$ 100.0	1/17/2023	3/15/2024	4.7 %
NWN Water	\$ 55.0	1/19/2023	6/10/2026	3.8 %

Retirement of Long-Term Debt

The following NW Natural debentures were retired in the periods indicated:

<i>In millions</i>	Year Ended December 31,		
	2023	2022	2021
NW Natural First Mortgage Bonds:			
3.542% Series due 2023	\$ 50	\$ —	\$ —
5.620% Series due 2023	40	—	—
9.050% Series due 2021	—	—	10
3.176% Series due 2021	—	—	50
Total	\$ 90	\$ —	\$ 60

In June 2019, NWN Water entered into a two-year term loan agreement for \$35.0 million. The loan was repaid in June 2021 upon its maturity date.

Maturities and Interest on Long-Term Debt

Maturities and payment of interest on long-term debt for each of the annual periods through December 31, 2028 and thereafter are as follows:

In millions	Long-term debt maturities	Interest on long-term debt
NW Natural:		
2024	\$ —	\$ 63.2
2025	30.0	62.9
2026	55.0	60.9
2027	64.7	57.7
2028	10.0	54.8
Thereafter	1,215.0	826.7
NW Natural Total	1,374.7	1,126.2
Other NW Holdings:		
2024	150.9	4.9
2025	0.8	2.7
2026	55.8	1.3
2027	0.9	0.1
2028	0.9	0.1
Thereafter	2.3	0.3
Other NW Holdings Total	211.6	9.4
NW Holdings:		
2024	150.9	68.1
2025	30.8	65.6
2026	110.8	62.2
2027	65.6	57.8
2028	10.9	54.9
Thereafter	1,217.3	827.0
NW Holdings Total	\$ 1,586.3	\$ 1,135.6

Bankruptcy Ring-fencing Restrictions

As part of the ring-fencing conditions agreed upon with the OPUC and WUTC, NW Natural is required to have one director who is independent from NW Natural management and from NW Holdings and to issue one share of NW Natural preferred stock to an independent third party. NW Natural was in compliance with both of these ring-fencing provisions as of December 31, 2023 and 2022. NW Natural may file a voluntary petition for bankruptcy only if approved unanimously by the Board of Directors of NW Natural, including the independent director, and by the holder of the preferred share.

Cash Flows

Operating Activities

Changes in our operating cash flows are primarily affected by net income or loss, changes in working capital requirements, and other cash and non-cash adjustments to operating results.

In millions	2023	2022	2021
NW Natural cash provided by operating activities	\$ 281.9	\$ 145.2	\$ 141.5
NW Holdings cash provided by operating activities	279.9	147.7	160.4

2023 COMPARED TO 2022 The significant factors contributing to the \$136.7 million increase at NW Natural cash flow provided by operating activities were as follows:

- \$126.6 million decrease in accounts receivable due to colder weather in December 2022;
- \$40.0 million decrease in net deferred gas costs due to the recovery of higher priced gas in 2022;
- \$30.6 million decrease in asset optimization revenue sharing bill credits; and
- \$19.9 million increase due to a compliance obligation related to the Washington CCA; partially offset by
- \$64.9 million decrease in accounts payable resulting from payments of higher priced gas purchased in December 2022; and
- \$22.3 million decrease in the decoupling mechanism.

The \$132.3 million increase in cash provided by operating activities at NW Holdings was primarily driven by the factors discussed above.

2022 COMPARED TO 2021. The significant factors contributing to the \$3.7 million increase at NW Natural cash flow provided by operating activities were as follows:

- \$52.9 million increase in net deferred gas costs as the actual cost of gas during the year ended December 31, 2022 was higher than the rate embedded in the PGA. In addition, for the year ended December 31, 2021, actual gas costs were 21% above the PGA rate due to the 2021 cold weather event; and
- \$12.6 million increase in accounts payable primarily due to a larger volume of gas purchased and the higher cost of gas; partially offset by
- \$32.0 million increase in asset optimization revenue sharing bill credits to customers due to the 2021 cold weather event; and
- \$32.1 million increase in accounts receivable and accrued unbilled revenue resulting from higher balances due to colder weather.

The \$12.7 million decrease in NW Holdings cash flow provided by operating activities were driven by the above factors affecting NW Natural, in addition to lower prepaid income taxes in 2022 compared to 2021.

During the years ended December 31, 2023 and 2022, NW Natural did not make any cash contributions to its qualified defined benefit pension plan, compared to \$9.6 million in 2021. The American Rescue Plan, which was signed into law on March 11, 2021, includes a provision for pension relief that extends the amortization period for required contributions from 7 to 15 years and provides for the stabilization of interest rates used to calculate future required contributions. The amount and timing of future contributions will depend on market interest rates and investment returns on the plans' assets. See Note 10.

NW Holdings and NW Natural have lease and purchase commitments relating to our operating activities that are financed with cash flows from operations. For information on cash flow requirements related to leases and other purchase commitments, see Note 7 and Note 16.

Investing Activities

<i>In millions</i>	2023	2022	2021
NW Natural cash used in investing activities	\$ (290.5)	\$ (320.3)	\$ (275.7)
NW Holdings cash used in investing activities	(335.5)	(435.5)	(300.1)

2023 COMPARED TO 2022. Cash used in investing activities decreased \$29.8 million at NW Natural and \$100.0 million at NW Holdings, respectively. The decrease at NW Natural is primarily driven by a decrease in capital expenditures related to two significant information technology projects that were placed into service in the prior year.

The decrease in cash used in investing activities at NW Holdings is driven by lower capital expenditures at NW Natural and less cash used for water and wastewater acquisitions.

2022 COMPARED TO 2021. Cash used in investing activities increased \$44.6 million at NW Natural and \$135.4 million at NW Holdings, respectively. The increase at NW Natural is primarily driven by an increase in capital expenditures of \$40.4 million. The increase at NW Holdings is driven by the increase at NW Natural and \$94.3 million in cash paid for water and wastewater acquisitions.

NW Natural capital expenditures for 2024 are expected to be in the range of \$350 million to \$400 million and for the five-year period from 2024 to 2028 are expected to range from \$1.4 billion to \$1.6 billion. NW Natural Water is expected to invest approximately \$40 million in 2024 related to maintenance capital expenditures for water and wastewater utilities owned as of December 31, 2023, and for the five-year period from 2024 to 2028 capital expenditures are expected to invest approximately \$120 million to \$140 million.

The timing and amount of the core capital expenditures and projects for 2024 and the next five years could change based on regulation, growth, and cost estimates. Additional investments in our infrastructure during and after 2024 that are not incorporated in the estimates provided above will depend largely on additional regulations, growth, and expansion opportunities. Required funds for the investments are expected to be internally generated or financed with long-term debt or equity, as appropriate.

Financing Activities

<i>In millions</i>	2023	2022	2021
NW Natural cash provided by financing activities	\$ 20.4	\$ 178.9	\$ 139.3
NW Holdings cash provided by financing activities	64.2	301.6	131.4

2023 COMPARED TO 2022. Cash provided by financing activities decreased \$158.5 million at NW Natural attributable to lower cash contributions from NW Holdings and the retirement of short and long-term debt, partially offset by an increase in long-term debt issuances.

Cash provided by financing activities decreased \$237.4 million at NW Holdings attributable to lower proceeds from common stock issuances and the retirement of short and long-term debt, partially offset by an increase in long-term debt issuances.

2022 COMPARED TO 2021. Cash provided by financing activities increased \$39.6 million at NW Natural primarily driven by \$63.4 million in capital contributions by NW Holdings, partially offset by changes in debt.

Cash provided by financing activities increased \$170.2 million at NW Holdings primarily due to cash proceeds of \$191.1 million from the issuance of common stock and the ATM equity program, partially offset by changes in debt.

Pension Cost and Funding Status of Qualified Retirement Plans

NW Natural's pension costs are determined in accordance with accounting standards for compensation and retirement benefits. See "Application of Critical Accounting Policies and Estimates – *Pensions and Postretirement Benefits*" below. Pension benefit for NW Natural's qualified defined benefit plan, which is allocated between operations and maintenance expenses and capital expenditures, totaled \$2.4 million in 2023, a change of \$7.8 million from 2022. The fair market value of pension assets in this plan increased to \$283.4 million at December 31, 2023 from \$280.3 million at December 31, 2022. The increase was due to a gain on plan assets of \$28.8 million, partially offset by benefit payments of \$25.7 million.

Contributions made to NW Natural's company-sponsored qualified defined benefit pension plan are based on actuarial assumptions and estimates, tax regulations, and funding requirements under federal law. The qualified defined benefit pension plan was underfunded by \$109.2 million at December 31, 2023. The American Rescue Plan, which was signed into law on March 11, 2021, includes a provision for pension relief that extends the amortization period for required contributions from 7 to 15 years and provides for the stabilization of interest rates used to calculate future required contributions. As a result, NW Natural did not make any plan contributions during 2023. The amount and timing of future contributions will depend on market interest rates and investment returns on the plan's assets. See Note 10 for information regarding employer contributions and estimated future benefit payments and other pension disclosures.

Contingent Liabilities

Loss contingencies are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable in accordance with accounting standards for contingencies. See "Application of Critical Accounting Policies and Estimates—*Environmental Contingencies*" below. At December 31, 2023, NW Natural's total estimated liability related to environmental sites was \$121.6 million. See Note 17 and "Results of Operations—Regulatory Matters—Rate Mechanisms—*Environmental Cost Deferral and Recovery*" above.

NW Holdings is not currently party to any direct claims or litigation, though in the future it may be subject to claims and litigation arising in the ordinary course of business.

New Accounting Pronouncements

For a description of recent accounting pronouncements that may have an impact on our financial condition, results of operations, or cash flows, see Note 2.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing financial statements in accordance with U.S. GAAP, management exercises judgment to assess the potential outcomes and related accounting impacts in the selection and application of accounting principles, including making estimates and assumptions that affect reported amounts of assets, liabilities, revenues, expenses, and related disclosures in the financial statements.

Management considers critical accounting policies to be those which are most important to the representation of financial condition and results of operations and which require management's most difficult and subjective or complex judgments, including accounting estimates that could result in materially different amounts if reported under different conditions or used different assumptions. Our most critical estimates and judgments for both NW Holdings and NW Natural include accounting for:

- regulatory accounting;
- revenue recognition;
- derivative instruments and hedging activities;
- pensions and postretirement benefits;
- income taxes;
- environmental contingencies; and
- impairment of long-lived assets and goodwill.

Management has discussed its current estimates and judgments used in the application of critical accounting policies with the Audit Committees of the Boards of NW Holdings and NW Natural. Within the context of critical accounting policies and estimates,

management is not aware of any reasonably likely events or circumstances that would result in materially different amounts being reported.

Regulatory Accounting

The NGD segment is regulated by the OPUC and WUTC, which establish the rates designed to recover specific costs of providing regulatory services, and, to a certain extent, set forth special accounting treatment for certain regulatory transactions for which NW Natural records regulatory assets and liabilities. In general, the same accounting principles as non-regulated companies reporting under U.S. GAAP are used. However, authoritative guidance for regulated operations (regulatory accounting) requires different accounting treatment for regulated companies to show the effects of such regulation. For example, NW Natural accounts for the cost of gas using a PGA deferral and cost recovery mechanism, which is submitted for approval annually to the OPUC and WUTC. See "Results of Operations—Regulatory Matters—Rate Mechanisms—Purchased Gas Adjustment" above. There are other expenses and revenues that the OPUC or WUTC may require NW Natural to defer for recovery or refund in future periods. Regulatory accounting requires NW Natural to account for these types of deferred expenses (or deferred revenues) as regulatory assets (or regulatory liabilities) on the balance sheet. When the recovery of these regulatory assets from, or refund of regulatory liabilities to, customers is approved, NW Natural recognizes the expense or revenue on the income statement at the same time the adjustment to amounts is included in rates charged to customers.

The conditions that must be satisfied to adopt the accounting policies and practices of regulatory accounting include:

- an independent regulator sets rates;
- the regulator sets the rates to cover specific costs of delivering service; and
- the service territory lacks competitive pressures to reduce rates below the rates set by the regulator.

Because NW Natural's NGD operations satisfy all three conditions, NW Natural continues to apply regulatory accounting to NGD operations. Future accounting changes, regulatory changes, or changes in the competitive environment could require NW Natural to discontinue the application of regulatory accounting for some or all of our regulated businesses. This would require the write-off of those regulatory assets and liabilities that would no longer be probable of recovery from or refund to customers.

Based on current accounting and regulatory competitive conditions, NW Natural believes it is reasonable to expect continued application of regulatory accounting for NGD activities. Further, it is reasonable to expect the recovery or refund of NW Natural's regulatory assets and liabilities at December 31, 2023 through future customer rates. If it is determined that all or a portion of these regulatory assets or liabilities no longer meet the criteria for continued application of regulatory accounting, then NW Natural would be required to write-off the net unrecoverable balances against earnings in the period such determination is made. The net balance in regulatory asset and liability accounts was a net liability of \$268.2 million and a net liability of \$479.3 million as of December 31, 2023 and 2022, respectively. See Note 2 for more detail on regulatory balances.

Revenue Recognition

Revenues, which are derived primarily from the sale, transportation, and storage of natural gas, are recognized upon the delivery of gas commodity or services rendered to customers.

Accrued Unbilled Revenue

For a description of the policy regarding accrued unbilled revenue, most of which relates to the NGD business at NW Natural, see Note 2. The following table presents changes in key metrics if the estimated percentage of unbilled volume at December 31 was adjusted up or down by 1%:

In millions	2023		
	Up 1%	\$	Down 1%
Unbilled revenue increase (decrease) ⁽¹⁾		1.2	\$ (1.2)
Margin increase (decrease) ⁽¹⁾		0.2	(0.2)
Net income before tax increase (decrease) ⁽¹⁾		0.1	(0.1)

⁽¹⁾ Includes impact of regulatory mechanisms including decoupling mechanism and excludes the impact of unbilled revenue from water services.

Derivative Instruments and Hedging Activities

NW Holdings and NW Natural have financial derivative policies that set forth guidelines for using financial derivative instruments to support prudent risk management strategies. These policies specifically prohibit the use of derivatives for speculative purposes. Financial derivative contracts are utilized to hedge most of our natural gas sale requirements. These contracts include swaps, options, and combinations of option contracts. NW Natural primarily uses these derivative financial instruments to manage commodity price variability. A small portion of NW Natural's derivative hedging strategy involves foreign currency exchange contracts.

Derivative instruments are recorded on the balance sheet at fair value. If certain regulatory conditions are met, then the derivative instrument fair value is recorded together with an offsetting entry to a regulatory asset or liability account pursuant to regulatory accounting, and no unrealized gain or loss is recognized in current income or loss. See "Regulatory Accounting" above for additional information. The gain or loss from the fair value of a derivative instrument subject to regulatory deferral is

included in the recovery from, or refund to, NGD business customers in future periods. If a derivative contract is not subject to regulatory deferral, then the accounting treatment for unrealized gains and losses is recorded in accordance with accounting standards for derivatives and hedging which is either in current income or loss or in accumulated other comprehensive income or loss (AOCI or AOCL). Derivative contracts outstanding at December 31, 2023, 2022 and 2021 were measured at fair value using models or other market accepted valuation methodologies derived from observable market data. Estimates of fair value may change significantly from period-to-period depending on market conditions, notional amounts, and prices. These changes may have an impact on results of operations, but the impact would generally be mitigated due to the majority of derivative activities being subject to regulatory deferral treatment. For more information on derivative activity and associated regulatory treatment, see Note 2 and Note 15.

The following table summarizes the amount of gains realized from commodity price transactions for the last three years:

In millions	2023	2022	2021
NGD business net gain on commodity swaps	\$ 125.5	\$ 107.8	\$ 50.9

Realized gains and losses from commodity hedges shown above were recorded in cost of gas and were, or will be, included in annual PGA rates.

NW Holdings and NWN Water also use financial derivatives to hedge interest rate risk in the form of pay-fixed interest rate swaps. Unrealized gains and losses related to these interest rate swap agreements qualify for cash flow hedge accounting and are recorded in AOCI on the consolidated balance sheet.

Pensions and Postretirement Benefits

NW Natural maintains a qualified non-contributory defined benefit pension plan, non-qualified supplemental pension plans for eligible executive officers and certain key employees, and other postretirement employee benefit plans covering certain non-union employees. NW Natural also has a qualified defined contribution plan (Retirement K Savings Plan) for all eligible employees. Only the qualified defined benefit pension plan and Retirement K Savings Plan have plan assets, which are held in qualified trusts to fund the respective retirement benefits. The qualified defined benefit retirement plan for union and non-union employees was closed to new participants several years ago. Non-union and union employees hired or re-hired after December 31, 2006 and 2009, respectively, and employees of certain NW Holdings subsidiaries are provided an enhanced Retirement K Savings Plan benefit. The postretirement Welfare Benefit Plan for non-union employees was also closed to new participants several years ago.

Net periodic pension and postretirement benefit costs (retirement benefit costs) and projected benefit obligations (benefit obligations) are determined using a number of key assumptions, including discount rates, rate of compensation increases, retirement ages, mortality rates and an expected long-term return on plan assets. See Note 10.

The vested benefit obligation for the defined benefit pension plan is the actuarial present value of the vested benefits to which the employee is entitled based on the employee's expected date of separation or retirement based on valuation assumptions.

Accounting standards also require balance sheet recognition of unamortized actuarial gains and losses and prior service costs in AOCI or AOCL, net of tax. However, the retirement benefit costs related to qualified defined benefit pension and postretirement benefit plans are generally recovered in rates charged to NGD customers, which are set based on accounting standards for pensions and postretirement benefit expenses. As such, NW Natural received approval from the OPUC to recognize the unamortized actuarial gains and losses and prior service costs as a regulatory asset or regulatory liability based on expected rate recovery, rather than including it as AOCI or AOCL under common equity. See "Regulatory Accounting" above and Note 2, "Industry Regulation."

A number of factors, as discussed above, are considered in developing pension and postretirement benefit assumptions. For the December 31, 2023 measurement date, NW Natural reviewed and updated:

- the weighted-average discount rate assumptions for pensions decreased from 5.18% for 2022 to 4.98% for 2023, and the weighted-average discount rate assumptions for other postretirement benefits decreased from 5.19% for 2022 to 4.98% for 2023. The new rate assumptions were determined for each plan based on a matching of benchmark interest rates to the estimated cash flows, which reflect the timing and amount of future benefit payments. Benchmark interest rates are drawn from the FTSE Above Median Curve, which consists of high quality bonds rated AA- or higher by S&P or Aa3 or higher by Moody's;
- the expected annual rate of future compensation is separately determined for bargaining unit and non-bargaining unit employees. The rate assumption ranges from 3.2% to 4.6% in 2024, 4.7% to 5.8% in 2025 and 4.0% to 4.7% thereafter;
- the expected long-term return on qualified defined benefit plan assets remained the same at 7.50% in 2022 and 2023; and
- other key assumptions, which were based on actual plan experience and actuarial recommendations.

At December 31, 2023, the net pension liability (benefit obligations less market value of plan assets) for the defined benefit pension plan increased \$7.9 million compared to 2022. The increase in the net pension liability is primarily due to the \$11.0

million increase to the pension benefit obligation, partially offset by the \$3.1 million increase in plan assets. The liability for non-qualified plans increased \$1.0 million and the liability for other postretirement benefits increased \$1.6 million in 2023.

The expected long-term rate of return on assets is based on a forward-looking capital markets model along with the defined benefit pension plan current and target asset allocation. The model inputs are based on future expected long-term total returns and historical volatilities for various asset classes, along with their historical correlations. The model considers current investment-grade yields for fixed income investments, and the same plus a risk premium for riskier assets such as common stocks.

NW Natural believes its pension assumptions are appropriate based on plan design and an assessment of market conditions. The following shows the sensitivity of retirement benefit costs and benefit obligations to changes in certain actuarial assumptions:

Dollars in millions	Change in Assumption	Impact on Retirement		
		Impact on 2023 Retirement	Benefit Costs	Benefit Obligations at Dec. 31, 2023
Discount rate:	(0.25) %			
Qualified defined benefit plans		\$ (0.2)	\$ 10.8	
Non-qualified plans		—	—	0.1
Other postretirement benefits		—	—	0.5
Expected long-term return on plan assets:	(0.25) %			
Qualified defined benefit plans		0.9	N/A	

Income Taxes

Valuation Allowances

Deferred tax assets are recognized to the extent that these assets are believed to be more likely than not to be realized. In making such a determination, available positive and negative evidence is considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. NW Holdings and NW Natural have determined that all recorded deferred tax assets are more likely than not to be realized as of December 31, 2023. See Note 11.

Uncertain Tax Benefits

The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in the jurisdictions in which we operate. A tax benefit from a material uncertain tax position will only be recognized when it is more likely than not that the position, or some portion thereof, will be sustained upon examination, including resolution of any related appeals or litigation processes, on the basis of the technical merits. NW Holdings and NW Natural participate in the Compliance Assurance Process (CAP) with the Internal Revenue Service (IRS). Under the CAP program companies work with the IRS to identify and resolve material tax matters before the federal income tax return is filed each year. No reserves for uncertain tax benefits were recorded during 2023, 2022, or 2021. See Note 11.

Tax Legislation

When significant proposed or enacted changes in income tax rules occur, we consider whether there may be a material impact to our financial position, results of operations, cash flows, or whether the changes could materially affect existing assumptions used in making estimates of tax related balances.

The final tangible property regulations applicable to all taxpayers were issued on September 13, 2013 and were generally effective for taxable years beginning on or after January 1, 2014. In April 2023, the IRS published Revenue Procedure 2023-15 that provides a safe harbor method of income tax accounting for determining when expenditures for natural gas transmission and distribution property must be capitalized or are allowable as repair deductions. We continue to evaluate this new safe harbor but do not believe that the safe harbor method is materially different from NW Natural's current repairs methodology or that this additional guidance will have a material effect on our financial statements.

Regulatory Matters

Regulatory tax assets and liabilities are recorded to the extent it is probable they will be recoverable from, or refunded to, customers in the future. At December 31, 2023 and 2022, NW Natural had net regulatory income tax assets of \$8.0 million and \$10.2 million, respectively, representing future rate recovery of deferred tax liabilities resulting from differences in NGD plant financial statement and tax bases and NGD plant removal costs. These regulatory assets are currently being recovered through customer rates. At December 31, 2023 and 2022, regulatory income tax assets of \$4.9 million and \$2.9 million, respectively, were recorded by NW Natural, representing probable future rate recovery of deferred tax liabilities resulting from the equity portion of AFUDC.

At December 31, 2023 and 2022, regulatory liability balances, representing the estimated net benefit to NGD customers resulting from the change in deferred taxes as a result of the Tax Cut and Jobs Act (TCJA), of \$174.2 million and \$181.4 million,

respectively, were recorded by NW Natural. These balances include a gross up for income taxes of \$46.1 million and \$48.0 million, respectively.

Environmental Contingencies

Environmental liabilities are accounted for in accordance with accounting standards under the loss contingency guidance when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Amounts recorded for environmental contingencies take numerous factors into consideration, including, among other variables, changes in enacted laws, regulatory orders, estimated remediation costs, interest rates, insurance proceeds, participation by other parties, timing of payments, and the input of legal counsel and third-party experts. Accordingly, changes in any of these variables or other factual circumstances could have a material impact on the amounts recorded for our environmental liabilities. For a complete discussion of environmental accounting policies refer to Note 2. For a discussion of current environmental sites and liabilities refer to Note 17. In addition, for information regarding the regulatory treatment of these costs and NW Natural's regulatory recovery mechanism, see "Results of Operations—Regulatory Matters—Rate Mechanisms—*Environmental Cost Deferral and Recovery*" above.

Impairment of Long-Lived Assets and Goodwill

Long-Lived Assets

We review the carrying value of long-lived assets whenever events or changes in circumstances indicate the carrying amount of the assets might not be recoverable. Factors that would necessitate an impairment assessment of long-lived assets include a significant adverse change in the extent or manner in which the asset is used, a significant adverse change in legal factors or business climate that could affect the value of the asset, or a significant decline in the observable market value or expected future cash flows of the asset, among others.

When such factors are present, we assess the recoverability by determining whether the carrying value of the asset will be recovered through expected future cash flows. An asset is determined to be impaired when the carrying value of the asset exceeds the expected undiscounted future cash flows from the use and eventual disposition of the asset. If an impairment is indicated, we record an impairment loss for the difference between the carrying value and the fair value of the long-lived assets. Fair value is estimated using appropriate valuation methodologies, which may include an estimate of discounted cash flows.

Goodwill and Business Combinations

In a business combination, goodwill is initially measured as any excess of the acquisition-date fair value of the consideration transferred over the acquisition-date fair value of the net identifiable assets acquired.

The carrying value of goodwill is reviewed annually during the fourth quarter, or whenever events or changes in circumstance indicate that such carrying values may not be recoverable.

NW Holdings' policy for goodwill assessments begins with a qualitative analysis in which events and circumstances are evaluated, including macroeconomic conditions, industry and market conditions, regulatory environments, and the overall financial performance of the reporting unit. If the qualitative assessment indicates that the carrying value may be at risk of recoverability, a quantitative evaluation is performed to measure the carrying value against the fair value of the reporting unit. This evaluation may involve the assessment of future cash flows and other subjective factors for which uncertainty exists and could impact the estimation of future cash flows. These factors include, but are not limited to, the amount and timing of future cash flows, future growth rates, and the discount rate. Unforeseen events and changes in circumstances or market conditions could adversely affect these estimates, which could result in an impairment charge. A qualitative assessment was performed during the fourth quarter of 2023 which indicated a quantitative assessment was not required; thus, no goodwill impairment was recorded. See Note 2 and Note 14 for additional information.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date, and the fair value of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred. When NW Natural acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. When there is substantial judgment or uncertainty around the fair value of acquired assets, we may engage a third party expert to assist in determining the fair values of certain assets or liabilities.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NW Holdings and NW Natural are exposed to various forms of market risk including commodity supply risk, commodity price risk, interest rate risk, foreign currency risk, credit risk and weather risk. The following describes NW Holdings' and NW Natural's exposure to these risks, as applicable.

Commodity Supply Risk

NW Natural enters into spot, short-term, and long-term natural gas supply contracts, along with associated pipeline transportation contracts, to manage commodity supply risk. NW Natural has arranged for physical delivery of an adequate supply of gas, including gas in its Mist storage facility and other off-system storage facilities, to meet expected requirements of core NGD customers. NW Natural's long-term gas supply contracts are primarily index-based and subject to monthly re-pricing, a strategy that is intended to substantially mitigate credit exposure to physical gas counterparties. Absolute notional amounts under physical gas contracts related to open positions on derivative instruments were 572 million therms and 463 million therms as of December 31, 2023 and 2022, respectively.

Commodity Price Risk

Natural gas commodity prices are subject to market fluctuations due to unpredictable factors including weather, pipeline transportation congestion, drilling technologies, market speculation, and other factors that affect supply and demand. Commodity price risk is primarily hedged with financial swaps, storage and physical gas reserves from a long-term investment in working interests in gas leases operated by Jonah Energy. These hedges are generally included in NW Natural's annual PGA filing for recovery, subject to a regulatory prudence review. Notional amounts under financial derivative contracts were \$405.7 million and \$359.5 million as of December 31, 2023 and 2022, respectively. The fair value of financial swaps, based on market prices at December 31, 2023, was an unrealized loss of \$115.5 million, which would result in cash outflows of \$89.6 million in 2024, \$22.9 million in 2025, and \$3.0 million in 2026.

Interest Rate Risk

NW Holdings and NW Natural are exposed to interest rate risk primarily associated with debt financing needed to fund capital requirements, including future contractual obligations and maturities of long-term and short-term debt. Interest rate risk is primarily managed through the issuance of fixed-rate debt with varying maturities. NW Holdings and NW Natural may also enter into financial derivative instruments, including interest rate swaps, options and other hedging instruments, to manage and mitigate interest rate exposure. NW Holdings and NWN Water entered into interest rate swaps transactions for a total notional amount of \$155 million to manage variable interest rate risk in December 2022. Unrealized gains related to these interest rate swap agreements totaled \$0.2 million and \$0.1 million, net of tax, as of December 31, 2023 and 2022, respectively.

Foreign Currency Risk

The costs of certain pipeline fees are subject to changes in the value of the Canadian currency in relation to the U.S. currency. Foreign currency forward contracts are used to hedge against fluctuations in exchange rates for NW Natural's commodity-related demand and reservation charges paid in Canadian dollars. Notional amounts under foreign currency forward contracts were \$11.9 million and \$7.6 million as of December 31, 2023 and 2022, respectively. If all of the foreign currency forward contracts had been settled on December 31, 2023, a gain of \$0.2 million would have been realized. See Note 15.

Credit Risk

Credit Exposure to Natural Gas Suppliers

Certain gas suppliers have either relatively low credit ratings or are not rated by major credit rating agencies. To manage this supply risk, NW Natural purchases gas from a number of different suppliers at liquid exchange points. NW Natural evaluates and monitors suppliers' creditworthiness and maintains the ability to require additional financial assurances, including deposits, letters of credit, or surety bonds, in case a supplier defaults. In the event of a supplier's failure to deliver contracted volumes of gas, the NGD business would need to replace those volumes at prevailing market prices, which may be higher or lower than the original transaction prices. NW Natural expects these costs would be subject to its PGA sharing mechanism discussed above. Since most of NW Natural's commodity supply contracts are priced at the daily or monthly market index price tied to liquid exchange points, and NW Natural has adequate storage flexibility, NW Natural believes it is unlikely a supplier default would have a material adverse effect on its financial condition or results of operations.

Credit Exposure to Financial Derivative Counterparties

NW Natural did not have any credit exposure related to commodity swap contracts based on the estimated fair value at December 31, 2023. NW Natural does not have credit exposure to financial commodity swap derivative counterparties when forward gas prices are lower than our hedge prices, which was the case with all financial commodity swap counterparties at December 31, 2023. NW Natural's credit exposure also includes interest rate swap and foreign exchange forward counterparties, neither of which were significant at December 31, 2023. NW Natural's financial derivatives policy requires counterparties to have at least an investment-grade credit rating at the time the derivative instrument is entered into and specific limits on the notional amount and duration based on each counterparty's credit rating. NW Natural actively monitors and manages derivative credit exposure and places counterparties on hold for trading purposes or requires cash collateral, letters of credit, or guarantees as circumstances warrant.

The following table summarizes NW Natural's overall financial swap and option credit exposure, based on estimated fair value, and the corresponding counterparty credit ratings. The table uses credit ratings from S&P and Moody's, reflecting the higher of the S&P or Moody's rating or a middle rating if the entity is split-rated with more than one rating level difference:

In millions	Financial Derivative Position by Credit Rating		
	2023	2022	Unrealized Fair Value Gain (Loss)
AA/Aa	\$ (100.7)	\$ 77.9	
A/A	(14.8)		72.7
Total	\$ (115.5)	\$ 150.6	

In most cases, NW Natural also mitigates the credit risk of financial derivatives by having master netting arrangements with counterparties which provide for making or receiving net cash settlements. Transactions of the same type in the same currency that have settlement on the same day with a single counterparty are netted and a single payment is delivered or received depending on which party is due funds.

Additionally, NW Natural has master contracts in place with each derivative counterparty, most of which include provisions for posting or calling for collateral. Generally, NW Natural can obtain cash or marketable securities as collateral with one day's notice. Various collateral management strategies are used to reduce liquidity risk. The collateral provisions vary by counterparty but are not expected to result in the significant posting of collateral, if any. NW Natural has performed stress tests on the gas portfolio and concluded the liquidity risk from collateral calls is not material. Derivative credit exposure is primarily with investment grade counterparties rated AA-/Aa3 or higher. Contracts are diversified across counterparties, business types and countries to reduce credit and liquidity risk.

At December 31, 2023, financial derivative commodity credit risk on a volumetric basis was geographically concentrated 24% in the United States and 76% in Canada, based on counterparties' location. At December 31, 2022, financial derivative commodity credit risk on a volumetric basis was geographically concentrated 28% in the United States and 71% in Canada with our counterparties.

Credit Exposure to Insurance Companies

Credit exposure to insurance companies for loss or damage claims could be material. NW Holdings and NW Natural regularly monitor the financial condition of insurance companies who provide general liability insurance policy coverage to NW Holdings, NW Natural, their predecessors, and their subsidiaries.

Weather Risk

NW Natural has a weather normalization mechanism in Oregon; however, it is exposed to weather risk primarily from NGD business operations. A large percentage of NGD margin is volume driven, and current rates are based on an assumption of average weather. NW Natural's weather normalization mechanism in Oregon is for residential and small commercial customers, which is intended to stabilize the recovery of NGD business fixed costs and reduce fluctuations in customers' bills due to colder or warmer than average weather. Customers in Oregon are allowed to opt out of the weather normalization mechanism. As of December 31, 2023, approximately 7% of Oregon customers had opted out. In addition to the Oregon customers opting out, Washington residential and commercial customers account for approximately 12% of our total customer base and are not covered by weather normalization. The combination of Oregon and Washington customers not covered by a weather normalization mechanism is 19% of all residential and commercial customers. See "Results of Operations—Regulatory Matters—Rate Mechanisms—WARM" above.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Supplemental Schedules Omitted

All other schedules are omitted because of the absence of the conditions under which they are required or because the required information is included elsewhere in the financial statements.

NW HOLDINGS MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

NW Holdings management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) or 15d-15(f) under the Securities Exchange Act of 1934, as amended. NW Holdings' internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). NW Holdings' internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions involving company assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and the NW Holdings Board of Directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use, or disposition of NW Holdings' assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or fraud. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

NW Holdings management assessed the effectiveness of NW Holdings' internal control over financial reporting as of December 31, 2023. In making this assessment, NW Holdings management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013).

Based on NW Holdings management's assessment and those criteria, NW Holdings management has concluded that it maintained effective internal control over financial reporting as of December 31, 2023.

The effectiveness of internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in this annual report.

/s/ David H. Anderson

David H. Anderson
Chief Executive Officer

/s/ Brody J. Wilson

Brody J. Wilson
Chief Financial Officer, Chief Accounting Officer, Vice President, Treasurer

February 23, 2024

NW NATURAL MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

NW Natural management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) or 15d-15(f) under the Securities Exchange Act of 1934, as amended. NW Natural's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). NW Natural's internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions involving company assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and the NW Natural Board of Directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use, or disposition of NW Natural's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or fraud. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

NW Natural management assessed the effectiveness of NW Natural's internal control over financial reporting as of December 31, 2023. In making this assessment, NW Natural management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013).

Based on NW Natural management's assessment and those criteria, NW Natural management has concluded that it maintained effective internal control over financial reporting as of December 31, 2023.

/s/ David H. Anderson
David H. Anderson
Chief Executive Officer

/s/ Brody J. Wilson
Brody J. Wilson
Chief Financial Officer, Chief Accounting Officer, Vice President, Treasurer

February 23, 2024

To the Board of Directors and Shareholders of Northwest Natural Holding Company

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Northwest Natural Holding Company and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income (loss), of shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedules listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Regulatory Matters

As described in Note 2 to the consolidated financial statements, there were \$511.7 million of regulatory assets and \$780.9 million of regulatory liabilities as of December 31, 2023. The Company's principal business is to operate as a holding company for Northwest Natural Gas Company ("NW Natural") and its other subsidiaries. NW Natural's principal business is the distribution of natural gas, which is regulated; the accounting records and practices of the regulated businesses conform to the requirements and uniform system of accounts prescribed by regulatory authorities. Customer rates are regulated and have approved cost-based rates which are intended to allow the Company to earn a return on invested capital. As disclosed by management, regulatory accounting requires management to account for deferred expenses (or deferred revenues) as regulatory assets (or regulatory liabilities) on the balance sheet. When the recovery of these regulatory assets from, or refund of regulatory liabilities to, customers is approved, management recognizes the expense or revenue on the income statement at the same time the adjustment to amounts is included in rates charged to customers.

The principal considerations for our determination that performing procedures relating to the Company's accounting for the effects of regulatory matters is a critical audit matter are the high degree of auditor effort in performing procedures and evaluating audit evidence related to the recovery of regulatory assets and the settlement of regulatory liabilities.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment of rates cases and other proceedings, including the probability of recovery of regulatory assets and the settlement of regulatory liabilities and related accounting and disclosure impacts. These procedures also included, among others (i) evaluating the reasonableness of management's assessment regarding the probability of recovery of regulatory assets and settlement of regulatory liabilities, (ii) evaluating the sufficiency of the disclosures in the consolidated financial statements, and (iii) testing, on a sample basis, the regulatory assets and liabilities, including those subject to rate cases and other proceedings, by considering the provisions and formulas outlined in rate orders, other regulatory correspondence, and the application of relevant regulatory precedents.

/s/ PricewaterhouseCoopers LLP

Portland, Oregon

February 23, 2024

We have served as the Company's auditor since 1997.

To the Board of Directors and Shareholder of Northwest Natural Gas Company:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Northwest Natural Gas Company and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income (loss), of shareholder's equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Regulatory Matters

As described in Note 2 to the consolidated financial statements, there were \$511.7 million of regulatory assets and \$779.9 million of regulatory liabilities as of December 31, 2023. The Company's principal business is the distribution of natural gas, which is regulated; the accounting records and practices of the regulated businesses conform to the requirements and uniform system of accounts prescribed by regulatory authorities. Customer rates are regulated and have approved cost-based rates which are intended to allow the Company to earn a return on invested capital. As disclosed by management, regulatory accounting requires management to account for deferred expenses (or deferred revenues) as regulatory assets (or regulatory liabilities) on the balance sheet. When the recovery of these regulatory assets from, or refund of regulatory liabilities to, customers is approved, management recognizes the expense or revenue on the income statement at the same time the adjustment to amounts is included in rates charged to customers.

The principal considerations for our determination that performing procedures relating to the Company's accounting for the effects of regulatory matters is a critical audit matter are the high degree of auditor effort in performing audit procedures and evaluating audit evidence obtained related to the recovery of regulatory assets and the settlement of regulatory liabilities.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment of rates cases and other proceedings, including the probability of recovery of regulatory assets and the settlement of regulatory liabilities and related accounting and disclosure impacts. These procedures also included, among others (i) evaluating the reasonableness of management's assessment regarding the probability of recovery of regulatory assets and settlement of regulatory liabilities, (ii) evaluating the sufficiency of the disclosures in the consolidated financial statements,

and (ii) testing, on a sample basis, the regulatory assets and liabilities, including those subject to rate cases and other proceedings, by considering the provisions and formulas outlined in rate orders, other regulatory correspondence, and the application of relevant regulatory precedents.

/s/ PricewaterhouseCoopers LLP
Portland, Oregon
February 23, 2024

We have served as the Company's auditor since 1997.

NORTHWEST NATURAL HOLDING COMPANY
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31,		
In thousands, except per share data	2023	2022	2021
Operating revenues	\$ 1,197,475	\$ 1,037,353	\$ 860,400
Operating expenses:			
Cost of gas	499,837	429,635	292,314
Operations and maintenance	273,766	224,667	204,227
Environmental remediation	12,899	12,389	9,938
General taxes	46,248	41,031	38,633
Revenue taxes	48,671	41,826	34,740
Depreciation	125,581	116,707	113,534
Other operating expenses	5,532	3,621	3,897
Total operating expenses	1,012,534	869,876	697,283
Income from operations	184,941	167,477	163,117
Other income (expense), net	17,855	1,203	(12,559)
Interest expense, net	76,566	53,247	44,486
Income before income taxes	126,230	115,433	106,072
Income tax expense	32,362	29,130	27,406
Net income	93,868	86,303	78,666
Other comprehensive income (loss):			
Change in employee benefit plan liability, net of taxes of \$ 443 for 2023, \$(1,511) for 2022, and \$(219) for 2021	(1,233)	4,195	593
Amortization of non-qualified employee benefit plan liability, net of taxes of \$(148) for 2023, \$(286) for 2022, and \$(320) for 2021	410	795	905
Unrealized gain on interest rate swaps, net of taxes of \$(21) for 2023 and \$(47) for 2022	59	129	—
Comprehensive income	\$ 93,104	\$ 91,422	\$ 80,164
Average common shares outstanding:			
Basic	36,213	33,934	30,702
Diluted	36,265	33,984	30,752
Earnings per share of common stock:			
Basic	\$ 2.59	\$ 2.54	\$ 2.56
Diluted	2.59	2.54	2.56

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL HOLDING COMPANY
CONSOLIDATED BALANCE SHEETS

As of December 31,

In thousands	2023	2022
Assets:		
Current assets:		
Cash and cash equivalents	\$ 32,920	\$ 29,270
Accounts receivable	121,341	168,906
Accrued unbilled revenue	83,138	89,048
Allowance for uncollectible accounts	(3,455)	(3,296)
Regulatory assets	178,270	117,491
Derivative instruments	11,380	194,412
Inventories	112,571	87,096
Other current assets	65,275	61,286
Total current assets	601,440	744,213
Non-current assets:		
Property, plant, and equipment	4,556,609	4,261,566
Less: Accumulated depreciation	1,198,555	1,147,166
Total property, plant, and equipment, net	3,358,054	3,114,400
Regulatory assets	333,443	340,432
Derivative instruments	431	5,045
Other investments	102,951	95,704
Operating lease right of use asset, net	71,308	73,429
Assets under sales-type leases	129,882	134,302
Goodwill	163,344	149,283
Other non-current assets	106,239	91,518
Total non-current assets	4,265,652	4,004,113
Total assets	\$ 4,867,092	\$ 4,748,326

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL HOLDING COMPANY
CONSOLIDATED BALANCE SHEETS

As of December 31,

In thousands, except share information

2023

2022

Liabilities and equity:

Current liabilities:

Short-term debt	\$ 89,780	\$ 258,200
Current maturities of long-term debt	150,865	90,697
Accounts payable	145,361	180,667
Taxes accrued	15,454	15,625
Interest accrued	15,836	10,169
Regulatory liabilities	84,962	248,582
Derivative instruments	98,661	28,728
Operating lease liabilities	2,333	1,514
Other current liabilities	93,626	64,552
Total current liabilities	696,878	898,734
Long-term debt	1,425,435	1,246,167

Deferred credits and other non-current liabilities:

Deferred tax liabilities	382,673	366,022
Regulatory liabilities	695,896	689,578
Pension and other postretirement benefit liabilities	158,116	149,143
Derivative instruments	28,055	20,838
Operating lease liabilities	77,167	78,965
Other non-current liabilities	119,034	123,438
Total deferred credits and other non-current liabilities	1,460,941	1,427,984

Commitments and contingencies (see Note 16 and Note 17)

Equity:

Common stock - no par value; authorized 100,000,000 shares; issued and outstanding 37,631,212 and 35,524,590 at December 31, 2023 and 2022, respectively	890,976	805,253
Retained earnings	399,911	376,473
Accumulated other comprehensive loss	(7,049)	(6,285)
Total equity	1,283,838	1,175,441
Total liabilities and equity	<u><u>\$ 4,867,092</u></u>	<u><u>\$ 4,748,326</u></u>

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL HOLDING COMPANY
 CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<i>In thousands</i>	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance at December 31, 2020	\$ 565,112	\$ 336,523	\$ (12,902)	\$ 888,733
Comprehensive income (loss)	—	78,666	1,498	80,164
Dividends on common stock, \$ 1.92 per share	—	(59,410)	—	(59,410)
Stock-based compensation	3,615	—	—	3,615
Shares issued pursuant to equity based plans	4,543	—	—	4,543
Issuance of common stock, net of issuance costs	17,501	—	—	17,501
Balance at December 31, 2021	590,771	355,779	(11,404)	935,146
Comprehensive income (loss)	—	86,303	5,119	91,422
Dividends on common stock, \$ 1.93 per share	—	(65,609)	—	(65,609)
Stock-based compensation	3,228	—	—	3,228
Shares issued pursuant to equity based plans	2,978	—	—	2,978
Issuance of common stock, net of issuance costs	208,276	—	—	208,276
Balance at December 31, 2022	805,253	376,473	(6,285)	1,175,441
Comprehensive income (loss)	—	93,868	(764)	93,104
Dividends on common stock, \$ 1.94 per share	—	(70,430)	—	(70,430)
Shares issued in connection with business combinations	12,884	—	—	12,884
Stock-based compensation	3,598	—	—	3,598
Shares issued pursuant to equity based plans	2,328	—	—	2,328
Issuance of common stock, net of issuance costs	66,913	—	—	66,913
Balance at December 31, 2023	<hr/> <hr/> \$ 890,976	<hr/> <hr/> \$ 399,911	<hr/> <hr/> \$ (7,049)	<hr/> <hr/> \$ 1,283,838

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL HOLDING COMPANY
 CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In thousands</i>	Year Ended December 31,		
	2023	2022	2021
Operating activities:			
Net income	\$ 93,868	\$ 86,303	\$ 78,666
Adjustments to reconcile net income to cash provided by operations:			
Depreciation	125,581	116,707	113,534
Regulatory amortization of gas reserves	3,217	5,589	13,897
Deferred income taxes	8,966	17,410	14,617
Qualified defined benefit pension plan (benefit) expense	(2,430)	5,351	16,556
Contributions to qualified defined benefit pension plans	—	—	(9,590)
Deferred environmental expenditures, net	(26,052)	(18,160)	(18,187)
Environmental remediation expense	12,899	12,389	9,938
Asset optimization revenue sharing bill credits	(10,471)	(41,102)	(9,053)
Other	22,972	21,558	20,622
Changes in assets and liabilities:			
Receivables, net	50,977	(76,454)	(44,128)
Inventories	(24,105)	(29,269)	(14,571)
Income and other taxes	(1,246)	6,908	3,292
Accounts payable	(39,958)	24,508	12,118
Deferred gas costs	52,371	12,334	(40,541)
Asset optimization revenue sharing	22,637	28,937	44,458
Decoupling mechanism	(11,415)	10,922	(5,206)
Cloud-based software	(16,307)	(23,908)	(7,407)
Other, net	18,445	(12,351)	(18,662)
Cash provided by operating activities	279,949	147,672	160,353
Investing activities:			
Capital expenditures	(327,347)	(338,602)	(293,892)
Acquisitions, net of cash acquired	(7,533)	(94,279)	(1,289)
Purchase of equity method investment	(1,000)	(1,000)	(14,450)
Proceeds from sale of equity method investment	—	—	7,000
Other	383	(1,579)	2,508
Cash used in investing activities	(335,497)	(435,460)	(300,123)

	Year Ended December 31,		
	2023	2022	2021
Financing activities:			
Proceeds from common stock issued, net	66,495	208,561	17,501
Long-term debt issued	330,000	290,000	185,000
Long-term debt retired	(90,000)	—	(95,000)
Proceeds from term loan due within one year	—	—	100,000
Repayment of term loan	—	—	(100,000)
Repayments of commercial paper, maturities greater than three months	—	—	(195,025)
Changes in other short-term debt, net	(168,540)	(131,300)	280,000
Cash dividend payments on common stock	(67,340)	(62,771)	(55,919)
Payment of financing fees	(2,200)	(912)	(3,899)
Other	(4,207)	(1,946)	(1,222)
Cash provided by financing activities	64,208	301,632	131,436
Increase (decrease) in cash, cash equivalents and restricted cash	8,660	13,844	(8,334)
Cash, cash equivalents and restricted cash, beginning of period	40,964	27,120	35,454
Cash, cash equivalents and restricted cash, end of period	\$ 49,624	\$ 40,964	\$ 27,120
Supplemental disclosure of cash flow information:			
Interest paid, net of capitalization	\$ 80,197	\$ 50,823	\$ 43,719
Income taxes paid, net of refunds	24,263	2,779	10,555
Non-cash activities:			
Shares issued in connection with business combinations	\$ 12,884	\$ —	\$ —
Debt assumed in connection with business combinations	3,131	—	—

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Year Ended December 31,

<i>In thousands</i>	2023	2022	2021
Operating revenues	\$ 1,158,623	\$ 1,014,339	\$ 843,057
Operating expenses:			
Cost of gas	500,061	429,861	292,538
Operations and maintenance	244,669	204,845	188,762
Environmental remediation	12,899	12,389	9,938
General taxes	44,980	40,151	38,150
Revenue taxes	48,432	41,627	34,600
Depreciation	119,514	112,957	110,504
Other operating expenses	2,423	3,135	3,332
Total operating expenses	972,978	844,965	677,824
Income from operations	185,645	169,374	165,233
Other income (expense), net	15,358	(436)	(12,745)
Interest expense, net	60,594	46,338	42,983
Income before income taxes	140,409	122,600	109,505
Income tax expense	35,672	31,036	28,333
Net income	104,737	91,564	81,172
Other comprehensive income (loss):			
Change in employee benefit plan liability, net of taxes of \$ 443 for 2023, \$(1,511) for 2022, and \$(219) for 2021	(1,233)	4,195	593
Amortization of non-qualified employee benefit plan liability, net of taxes of \$(148) for 2023, \$(286) for 2022, and \$(320) for 2021	410	795	905
Comprehensive income	<u><u>\$ 103,914</u></u>	<u><u>\$ 96,554</u></u>	<u><u>\$ 82,670</u></u>

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY
CONSOLIDATED BALANCE SHEETS

As of December 31,

In thousands	2023	2022
Assets:		
Current assets:		
Cash and cash equivalents	\$ 19,841	\$ 12,977
Accounts receivable	117,216	165,607
Accrued unbilled revenue	81,524	87,482
Receivables from affiliates	824	634
Allowance for uncollectible accounts	(3,228)	(3,079)
Regulatory assets	178,270	117,491
Derivative instruments	11,184	194,236
Inventories	110,855	86,207
Other current assets	60,138	57,269
Total current assets	576,624	718,824
Non-current assets:		
Property, plant, and equipment	4,393,759	4,148,547
Less: Accumulated depreciation	1,181,962	1,137,231
Total property, plant, and equipment, net	3,211,797	3,011,316
Regulatory assets	333,418	340,407
Derivative instruments	373	5,045
Other investments	86,145	80,110
Operating lease right of use asset, net	70,728	72,720
Assets under sales-type leases	129,882	134,302
Other non-current assets	102,410	89,994
Total non-current assets	3,934,753	3,733,894
Total assets	\$ 4,511,377	\$ 4,452,718

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY
CONSOLIDATED BALANCE SHEETS

As of December 31,

In thousands

2023

2022

Liabilities and equity:

Current liabilities:

Short-term debt	\$ 16,780	\$ 170,200
Current maturities of long-term debt	—	89,942
Accounts payable	138,111	177,590
Payables to affiliates	14,850	9,175
Taxes accrued	15,293	15,426
Interest accrued	15,111	8,900
Regulatory liabilities	84,912	248,553
Derivative instruments	98,661	28,728
Operating lease liabilities	2,128	1,363
Other current liabilities	89,371	62,019
Total current liabilities	475,217	811,896
Long-term debt	1,364,732	1,035,935
Deferred credits and other non-current liabilities:		
Deferred tax liabilities	371,867	362,353
Regulatory liabilities	694,947	688,599
Pension and other postretirement benefit liabilities	158,116	149,143
Derivative instruments	28,055	20,838
Operating lease liabilities	76,757	78,345
Other non-current liabilities	109,066	114,527
Total deferred credits and other non-current liabilities	1,438,808	1,413,805

Commitments and contingencies (see Note 16 and Note 17)

Equity:

Common stock	644,903	614,903
Retained earnings	594,954	582,593
Accumulated other comprehensive loss	(7,237)	(6,414)
Total equity	1,232,620	1,191,082
Total liabilities and equity	\$ 4,511,377	\$ 4,452,718

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

<i>In thousands</i>	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance at December 31, 2020	\$ 319,506	\$ 528,580	\$ (12,902)	\$ 835,184
Comprehensive income (loss)	—	81,172	1,498	82,670
Dividends on common stock	—	(56,056)	—	(56,056)
Capital contribution from parent	116,009	—	—	116,009
Balance at December 31, 2021	435,515	553,696	(11,404)	977,807
Comprehensive income (loss)	—	91,564	4,990	96,554
Dividends on common stock	—	(62,667)	—	(62,667)
Capital contributions from parent	179,388	—	—	179,388
Balance at December 31, 2022	614,903	582,593	(6,414)	1,191,082
Comprehensive income (loss)	—	104,737	(823)	103,914
Dividends on common stock	—	(92,376)	—	(92,376)
Capital contributions from parent	30,000	—	—	30,000
Balance at December 31, 2023	<u><u>\$ 644,903</u></u>	<u><u>\$ 594,954</u></u>	<u><u>\$ (7,237)</u></u>	<u><u>\$ 1,232,620</u></u>

See Notes to Consolidated Financial Statements

NORTHWEST NATURAL GAS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands	Year Ended December 31,		
	2023	2022	2021
Operating activities:			
Net income	\$ 104,737	\$ 91,564	\$ 81,172
Adjustments to reconcile net income to cash provided by operations:			
Depreciation	119,514	112,957	110,504
Regulatory amortization of gas reserves	3,217	5,589	13,897
Deferred income taxes	2,855	16,288	13,223
Qualified defined benefit pension plan (benefit) expense	(2,430)	5,351	16,556
Contributions to qualified defined benefit pension plans	—	—	(9,590)
Deferred environmental expenditures, net	(26,052)	(18,160)	(18,187)
Environmental remediation expense	12,899	12,389	9,938
Asset optimization revenue sharing bill credits	(10,471)	(41,102)	(9,053)
Other	22,341	20,448	18,517
Changes in assets and liabilities:			
Receivables, net	51,391	(75,177)	(43,030)
Inventories	(23,884)	(28,890)	(14,427)
Income and other taxes	4,124	6,729	(10,405)
Accounts payable	(43,531)	21,375	8,728
Deferred gas costs	52,371	12,334	(40,541)
Asset optimization revenue sharing	22,637	28,937	44,458
Decoupling mechanism	(11,415)	10,922	(5,206)
Cloud-based software	(16,307)	(23,908)	(7,407)
Other, net	19,872	(12,455)	(17,653)
Cash provided by operating activities	281,868	145,191	141,494
Investing activities:			
Capital expenditures	(290,845)	(318,686)	(278,237)
Other	384	(1,579)	2,508
Cash used in investing activities	(290,461)	(320,265)	(275,729)
Financing activities:			
Long-term debt issued	330,000	140,000	130,000
Long-term debt retired	(90,000)	—	(60,000)
Proceeds from term loan due within one year	—	—	100,000
Repayment of term loan	—	—	(100,000)
Repayment of commercial paper, maturities greater than three months	—	—	(195,025)
Changes in other short-term debt, net	(153,420)	(75,300)	209,000
Cash contributions received from parent	30,000	179,388	116,009
Cash dividend payments on common stock	(92,376)	(62,667)	(56,056)
Payment of financing fees	(2,080)	(843)	(2,818)
Other	(1,682)	(1,665)	(1,782)
Cash provided by financing activities	20,442	178,913	139,328
Increase in cash, cash equivalents and restricted cash	11,849	3,839	5,093
Cash, cash equivalents and restricted cash, beginning of period	24,671	20,832	15,739
Cash, cash equivalents and restricted cash, end of period	\$ 36,520	\$ 24,671	\$ 20,832
Supplemental disclosure of cash flow information:			
Interest paid, net of capitalization	\$ 64,054	\$ 44,813	\$ 42,395
Income taxes paid, net of refunds	27,745	5,990	26,451

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements represent the respective, consolidated financial results of NW Holdings and NW Natural and all respective companies that each registrant directly or indirectly controls, either through majority ownership or otherwise. This is a combined report of NW Holdings and NW Natural, which includes separate consolidated financial statements for each registrant.

NW Natural's regulated natural gas distribution activities are reported in the natural gas distribution (NGD) segment. The NGD segment is NW Natural's core operating business and serves residential, commercial, and industrial customers in Oregon and southwest Washington. The NGD segment is the only reportable segment for NW Holdings and NW Natural. All other activities, water, wastewater and water services businesses, and other investments are aggregated and reported as other at their respective registrant.

NW Holdings and NW Natural consolidate all entities in which they have a controlling financial interest. Investments in corporate joint ventures and partnerships that NW Holdings does not directly or indirectly control, and for which it is not the primary beneficiary, include NNG Financial's investment in Kelso-Beaver Pipeline and NWN Water's investment in Avion Water Company, Inc., which are accounted for under the equity method. NW Natural RNG Holding Company, LLC holds investments in Lexington Renewable Energy, LLC and Dakota City Renewable Energy LLC, which are also accounted for under the equity method. See Note 13 for activity related to equity method investments. NW Holdings and its direct and indirect subsidiaries are collectively referred to herein as NW Holdings, and NW Natural and its direct and indirect subsidiaries are collectively referred to herein as NW Natural. The consolidated financial statements of NW Holdings and NW Natural are presented after elimination of all intercompany balances and transactions.

Notes to the consolidated financial statements reflect the activity of continuing operations for both NW Holdings and NW Natural for all periods presented, unless otherwise noted. Certain reclassifications have been made to conform prior period information to the current presentation. The reclassifications did not have a material effect on our consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts in the consolidated financial statements and accompanying notes. Actual amounts could differ from those estimates, and changes would most likely be reported in future periods. Management believes the estimates and assumptions used are reasonable.

Industry Regulation

NW Holdings' principal business is to operate as a holding company for NW Natural and its other subsidiaries. NW Natural's principal business is the distribution of natural gas, which is regulated by the OPUC and WUTC. NW Natural also has natural gas storage services, which are regulated by the FERC, and to a certain extent by the OPUC and WUTC. Additionally, certain of NW Holdings' subsidiaries own water businesses, which are regulated by the public utility commission in the state in which the water utility is located, which is currently Oregon, Washington, Idaho, Texas and Arizona. Wastewater businesses, to the extent they are regulated, are generally regulated by the public utility commissions in the state in which the wastewater utility is located, which is currently Texas and Arizona. Accounting records and practices of the regulated businesses conform to the requirements and uniform system of accounts prescribed by these regulatory authorities in accordance with U.S. GAAP. The businesses in which customer rates are regulated have approved cost-based rates which are intended to allow such businesses to earn a reasonable return on invested capital.

In applying regulatory accounting principles, NW Holdings and NW Natural capitalize or defer certain costs and revenues as regulatory assets and liabilities pursuant to orders of the applicable state public utility commission, which provide for the recovery of revenues or expenses from, or refunds to, utility customers in future periods, including a return or a carrying charge in certain cases.

Amounts NW Natural deferred as regulatory assets and liabilities were as follows:

	Regulatory Assets	
In thousands	2023	2022
NW Natural:		
Current:		
Unrealized loss on derivatives ⁽¹⁾	\$ 98,661	\$ 28,728
Gas costs	9,301	61,223
Environmental costs ⁽²⁾	9,950	7,392
Decoupling ⁽³⁾	2,288	—
Pension balancing ⁽⁴⁾	7,131	7,131
Income taxes	2,208	2,208
Washington Climate Commitment Act compliance	20,537	—
COVID-19 deferrals and expenses, net	9,685	789
Other ⁽⁵⁾	18,509	10,020
Total current	<u><u>\$ 178,270</u></u>	<u><u>\$ 117,491</u></u>
Non-current:		
Unrealized loss on derivatives ⁽¹⁾	\$ 28,055	\$ 20,838
Pension balancing ⁽⁴⁾	27,460	32,997
Income taxes	10,731	10,943
Pension and other postretirement benefit liabilities	114,010	101,413
Environmental costs ⁽²⁾	118,619	104,253
Gas costs	1,917	22,355
Decoupling ⁽³⁾	1,017	—
COVID-19 deferrals and expenses, net	1,080	14,555
Other ⁽⁵⁾	30,529	33,053
Total non-current	<u><u>333,418</u></u>	<u><u>340,407</u></u>
Other (NW Holdings)	25	25
Total non-current -NW Holdings	<u><u>\$ 333,443</u></u>	<u><u>\$ 340,432</u></u>
Regulatory Liabilities		
In thousands	2023	2022
NW Natural:		
Current:		
Gas costs	\$ 6,375	\$ 4,121
Unrealized gain on derivatives ⁽¹⁾	11,184	194,236
Decoupling ⁽³⁾	7,612	14,026
Income taxes ⁽⁶⁾	4,726	7,166
Asset optimization revenue sharing	31,583	26,368
Washington Climate Commitment Act proceeds	17,199	—
Other ⁽⁵⁾	6,233	2,636
Total current - NW Natural	<u><u>84,912</u></u>	<u><u>248,553</u></u>
Other (NW Holdings)	50	29
Total current - NW Holdings	<u><u>\$ 84,962</u></u>	<u><u>\$ 248,582</u></u>
Non-current:		
Gas costs	\$ 8,556	\$ 12,644
Unrealized gain on derivatives ⁽¹⁾	373	5,045
Decoupling ⁽³⁾	2,118	3,814
Income taxes ⁽⁶⁾	169,485	174,212
Accrued asset removal costs ⁽⁷⁾	496,235	467,742
Asset optimization revenue sharing	2,325	8,401
Other ⁽⁵⁾	15,855	16,741
Total non-current - NW Natural	<u><u>694,947</u></u>	<u><u>688,599</u></u>
Other (NW Holdings)	949	979
Total non-current -NW Holdings	<u><u>\$ 695,896</u></u>	<u><u>\$ 689,578</u></u>

- (1) Unrealized gains or losses on derivatives are non-cash items and, therefore, do not earn a rate of return or a carrying charge. These amounts are recoverable through natural gas distribution rates as part of the annual Purchased Gas Adjustment (PGA) mechanism when realized at settlement.
- (2) Refer to the Environmental Cost Deferral and Recovery table in Note 17 for a description of environmental costs.
- (3) This deferral represents the margin adjustment resulting from differences between actual and expected volumes.
- (4) Balance represents deferred net periodic benefit costs as approved by the OPUC.
- (5) Balances consist of deferrals and amortizations under approved regulatory mechanisms and typically earn a rate of return or carrying charge.
- (6) Balance represents excess deferred income tax benefits subject to regulatory flow-through. See Note 11.
- (7) Estimated costs of removal on certain regulated properties are collected through rates. See "Accounting Policies—Plant, Property, and Accrued Asset Removal Costs" below.

The amortization period for NW Natural's regulatory assets and liabilities ranges from less than one year to an indeterminable period. Regulatory deferrals for gas costs payable are generally amortized over 12 months beginning each November 1 following the gas contract year during which the deferred gas costs are recorded. Similarly, most other regulatory deferred accounts are amortized over 12 months. However, certain regulatory account balances, such as income taxes, environmental costs, pension liabilities, and accrued asset removal costs, are large and tend to be amortized over longer periods once NW Natural has agreed upon an amortization period with the respective regulatory agency.

We believe all costs incurred and deferred at December 31, 2023 are prudent. All regulatory assets are reviewed annually for recoverability, or more often if circumstances warrant. If we should determine that all or a portion of these regulatory assets no longer meet the criteria for continued application of regulatory accounting, then NW Holdings and NW Natural would be required to write-off the net unrecoverable balances in the period such determination is made.

Regulatory interest income of \$ 6.5 million and \$ 7.0 million and regulatory interest expense of \$ 2.9 million and \$ 2.0 million was recognized within other income (expense), net for the years ended December 31, 2023 and 2022, respectively.

Environmental Regulatory Accounting

See Note 17 for information about the SRRM and OPUC orders regarding implementation.

New Accounting Standards

NW Natural and NW Holdings consider the applicability and impact of all accounting standards updates (ASUs) issued by the Financial Accounting Standards Board (FASB). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on consolidated financial position or results of operations.

Recently Issued Accounting Pronouncements

JOINT VENTURE FORMATIONS. In August 2023, the FASB issued ASU 2023-05, which requires a joint venture to initially measure all contributions received upon its formation at fair value. The standard is effective for all joint venture entities with a formation date on or after January 1, 2025, with early adoption permitted. The adoption of this standard is not anticipated to have a material impact on our results of operations, liquidity or capital resources.

SEGMENT REPORTING. In November 2023, the FASB issued ASU 2023-07, which requires additional disclosures about significant segment expenses. The disclosures are required beginning with our annual report for the year ending December 31, 2024. The adoption of this standard is not anticipated to have a material impact on our results of operations, liquidity or capital resources.

IMPROVEMENTS TO INCOME TAX DISCLOSURES. In December 2023, the FASB issued ASU 2023-09, which requires additional disclosures about income taxes. The disclosures are required beginning with our annual report for the year ending December 31, 2025. The adoption of this standard is not anticipated to have a material impact on our results of operations, liquidity or capital resources.

Recent Securities and Exchange Commission (SEC) Final Rules

RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION. In October 2022, the SEC adopted the final rule under SEC Release No. 33-11126, Listing Standards for Recovery of Erroneously Awarded Compensation, which directs the national securities exchanges and associations that list securities to establish listing standards requiring each issuer to develop and implement a clawback policy to recoup incentive-based compensation erroneously awarded to executive officers. The policy is included as an exhibit to our annual report for the year ending December 31, 2023.

INSIDER TRADING ARRANGEMENTS. In December 2022, the SEC adopted the final rule under SEC Release No. 33-11138, Insider Trading Arrangements and Related Disclosures, which requires new disclosures regarding insider trading policies and procedures, the use of certain insider trading plans and director and executive compensation regarding equity compensation awards made close in time to disclosure of material nonpublic information. The policy will be included as an exhibit to our annual report for the year ending December 31, 2024.

CYBERSECURITY DISCLOSURES. In July 2023, the SEC issued a final rule under SEC Release No. 33-11216, Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure, which requires new disclosures regarding material cybersecurity incidents and require periodic disclosures about registrant's processes to assess, identify, and manage material cybersecurity risks, management's role in assessing and managing material cybersecurity risks, and the board of directors' oversight of cybersecurity risks. The disclosures were required beginning with our annual report for the year ending December 31, 2023.

Accounting Policies

The accounting policies discussed below apply to both NW Holdings and NW Natural.

Plant, Property, and Accrued Asset Removal Costs

Plant and property are stated at cost, including capitalized labor, materials, and overhead. In accordance with regulatory accounting standards, the cost of acquiring and constructing long-lived plant and property generally includes an allowance for funds used during construction (AFUDC) or capitalized interest. AFUDC represents the regulatory financing cost incurred when debt and equity funds are used for construction (see "AFUDC" below). When constructed assets are subject to market-based rates rather than cost-based rates, the financing costs incurred during construction are included in capitalized interest in accordance with U.S. GAAP, not as regulatory financing costs under AFUDC.

In accordance with long-standing regulatory treatment, our depreciation rates consist of three components: one based on the average service life of the asset, a second based on the estimated salvage value of the asset, and a third based on the asset's estimated cost of removal. We collect, through rates, the estimated cost of removal on certain regulated properties through depreciation expense, with a corresponding offset to accumulated depreciation. These removal costs are non-legal obligations as defined by regulatory accounting guidance. Therefore, we have included these costs as non-current regulatory liabilities rather than as accumulated depreciation on our consolidated balance sheets. In the rate setting process, the liability for removal costs is treated as a reduction to the net rate base on which the NGD business has the opportunity to earn its allowed rate of return.

The costs of NGD plant retired or otherwise disposed of are removed from NGD plant and charged to accumulated depreciation for recovery or refund through future rates. Gains from the sale of regulated assets are generally deferred and refunded to customers. For assets not related to NGD, we record a gain or loss upon the disposal of the property, and the gain or loss is recorded in operating income or loss in the consolidated statements of comprehensive income.

The provision for depreciation of NGD property, plant, and equipment is recorded under the group method on a straight-line basis with rates computed in accordance with depreciation studies approved by regulatory authorities. The weighted-average depreciation rate for NGD assets in service was approximately 3.0 % for 2023, 2022 and 2021, reflecting the approximate weighted-average economic life of the property. This includes 2023 weighted-average depreciation rates for the following asset categories: 2.5 % for transmission and distribution plant, 2.2 % for gas storage facilities, 6.7 % for general plant, and 5.3 % for intangible and other fixed assets.

AFUDC. Certain additions to NGD plant include AFUDC, which represents the net cost of debt and equity funds used during construction. AFUDC is calculated using actual interest rates for debt and authorized rates for ROE, if applicable. If short-term debt balances are less than the total balance of construction work in progress, then a composite AFUDC rate is used to represent interest on all debt funds, shown as a reduction to interest charges, and on ROE funds, shown as other income. While cash is not immediately recognized from recording AFUDC, it is realized in future years through rate recovery resulting from the higher NGD cost of service. Our composite AFUDC rate was 7.5 % in 2023, 2.8 % in 2022, and 0.7 % in 2021.

IMPAIRMENT OF LONG-LIVED ASSETS. We review the carrying value of long-lived assets whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. Factors that would necessitate an impairment assessment of long-lived assets include a significant adverse change in the extent or manner in which the asset is used, a significant adverse change in legal factors or business climate that could affect the value of the asset, or a significant decline in the observable market value or expected future cash flows of the asset, among others.

When such factors are present, we assess the recoverability by determining whether the carrying value of the asset will be recovered through expected future cash flows. An asset is determined to be impaired when the carrying value of the asset exceeds the expected undiscounted future cash flows from the use and eventual disposition of the asset. If an impairment is indicated, we record an impairment loss for the difference between the carrying value and the fair value of the long-lived assets. Fair value is estimated using appropriate valuation methodologies, which may include an estimate of discounted cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand plus highly liquid investment accounts with original maturity dates of three months or less. These investments are readily convertible to cash with fair value approximating cost.

At December 31, 2023, NW Holdings had outstanding checks of \$ 7.5 million, substantially all of which is recorded at NW Natural, and at December 31, 2022, NW Holdings had \$ 5.8 million outstanding checks. These balances are included in accounts payable in the NW Holdings and NW Natural balance sheets.

Restricted Cash

Restricted cash is primarily comprised of funds from public purpose charges for programs that assist low-income customers with bill payments or energy efficiency. These balances are included in other current assets in the NW Holdings and NW Natural balance sheets. There were no transfers between restricted cash and cash and cash equivalents during the years ended December 31, 2023 and 2022.

The following table provides a reconciliation of the cash, cash equivalents and restricted cash balances at NW Holdings as of December 31, 2023 and 2022:

In thousands	December 31,	
	2023	2022
Cash and cash equivalents	\$ 32,920	\$ 29,270
Restricted cash included in other current assets	16,704	11,694
Cash, cash equivalents and restricted cash	\$ 49,624	\$ 40,964

The following table provides a reconciliation of the cash, cash equivalents and restricted cash balances at NW Natural as of December 31, 2023 and 2022:

In thousands	December 31,	
	2023	2022
Cash and cash equivalents	\$ 19,841	\$ 12,977
Restricted cash included in other current assets	16,679	11,694
Cash, cash equivalents and restricted cash	\$ 36,520	\$ 24,671

Revenue Recognition and Accrued Unbilled Revenue

Revenues, derived primarily from the sale and transportation of natural gas, are recognized upon delivery of gas or water, or service to customers. Revenues include accruals for gas or water delivered but not yet billed to customers based on estimates of deliveries from meter reading dates to month end (accrued unbilled revenue). Accrued unbilled revenue is dependent upon a number of factors that require management's judgment, including total natural gas receipts and deliveries, customer use of natural gas or water by billing cycle, and weather factors. Accrued unbilled revenue is reversed the following month when actual billings occur. NW Holdings' accrued unbilled revenue at December 31, 2023 and 2022 was \$ 83.1 million and \$ 89.0 million, respectively, substantially all of which is accrued unbilled revenue at NW Natural.

Revenues not related to NGD are derived primarily from Interstate Storage Services, asset management activities at the Mist gas storage facility, and other investments and business activities. At the Mist underground storage facility, revenues are primarily firm service revenues in the form of fixed monthly reservation charges. In addition, we also have asset management service revenue from an independent energy marketing company that optimizes commodity, storage, and pipeline capacity release transactions. Under this agreement, guaranteed asset management revenue is recognized using a straight-line, pro-rata methodology over the term of each contract. Revenues earned above the guaranteed amount are recognized as they are earned.

Revenue Taxes

Revenue-based taxes are primarily franchise taxes, which are collected from customers and remitted to taxing authorities. Revenue taxes are included in operating expenses in the statements of comprehensive income for NW Holdings and NW Natural. Revenue taxes at NW Holdings were \$ 48.7 million, \$ 41.8 million, and \$ 34.7 million for 2023, 2022, and 2021, respectively.

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable consist primarily of amounts due for natural gas sales and transportation services to NGD customers, plus amounts due for gas storage services. NW Holdings and NW Natural establish allowances for uncollectible accounts (allowance) for trade receivables, including accrued unbilled revenue, based on the aging of receivables, collection experience of past due account balances including payment plans, and historical trends of write-offs as a percent of revenues. A specific allowance is established and recorded for large individual customer receivables when amounts are identified as unlikely to be partially or fully recovered. Inactive accounts are written-off against the allowance after they are 120 days past due or when deemed uncollectible. Differences between the estimated allowance and actual write-offs will occur based on a number of factors, including changes in economic conditions, customer creditworthiness, and natural gas prices. The allowance for uncollectible accounts is adjusted quarterly, as necessary, based on information currently available.

ALLOWANCE FOR TRADE RECEIVABLES. The payment term of our NGD receivables is generally 15 days. For these short-term receivables, it is not expected that forecasted economic conditions would significantly affect the loss estimates under stable economic conditions. For extreme situations like a financial crisis, natural disaster, and the economic slowdown caused by the COVID-19 pandemic, we enhanced our review and analysis.

For the residential and commercial uncollectible provision, we primarily followed our standard methodology, which includes assessing historical write-off trends and current information on delinquent accounts. Beginning October 1, 2022, new collection rules from the OPUC applied to residential and commercial customers. This included enhanced protections for low-income customers, a return to pre-pandemic time payment arrangements terms, revised disconnection rules during the heating season, and other items. As a result of these Oregon rule changes and our recent collection process experience, we augmented our provision review for accounts in the following categories: closed or inactive accounts aged less than 120 days, accounts on payment plans, and all other open accounts not on payment plans. For industrial accounts, we continue to assess the provision on an account-by-account basis with specific reserves taken as necessary. NW Natural will continue to closely monitor and evaluate our accounts receivable and the provision for uncollectible accounts.

The following table presents the activity related to the NW Holdings provision for uncollectible accounts by pool, substantially all of which is related to NW Natural's accounts receivable:

In thousands	As of December 31, 2022		Year ended December 31, 2023		As of December 31, 2023	
	Beginning Balance		Provision recorded, net of adjustments	Write-offs recognized, net of recoveries	Ending Balance	
Allowance for uncollectible accounts:						
Residential	\$ 2,155	\$ 2,743	\$ (2,501)	\$ 2,397		
Commercial	400	454	(353)	501		
Industrial	188	(122)	(1)	65		
Accrued unbilled and other	336	47	(118)	265		
Total NW Natural	3,079	3,122	(2,973)	3,228		
Other - NW Holdings	217	10	—	227		
Total NW Holdings	\$ 3,296	\$ 3,132	\$ (2,973)	\$ 3,455		

ALLOWANCE FOR NET INVESTMENTS IN SALES-TYPE LEASES. NW Natural currently holds two net investments in sales-type leases, with substantially all of the net investment balance related to the North Mist natural gas storage agreement with Portland General Electric (PGE) which is billed under an OPUC-approved rate schedule. See Note 7 for more information on the North Mist lease. Due to the nature of this service, PGE may recover the costs of the lease through general rate cases. Therefore, we expect the risk of loss due to the credit of this lessee to be remote. As such, no allowance for uncollectibility was recorded for our sales-type lease receivables. NW Natural will continue monitoring the credit health of the lessees and the overall economic environment, including the economic factors closely tied to the financial health of our current and future lessees.

Inventories

NGD gas inventories, which consist of natural gas in storage for NGD customers, are stated at the lower of weighted-average cost or net realizable value. The regulatory treatment of these inventories provides for cost recovery in customer rates. NGD gas inventories injected into storage are priced in inventory based on actual purchase costs, and those withdrawn from storage are charged to cost of gas during the period they are withdrawn at the weighted-average inventory cost.

Gas storage inventories mainly consist of natural gas received as fuel-in-kind from storage customers. Gas storage inventories are valued at the lower of average cost or net realizable value. Cushion gas is not included in inventory balances, is recorded at original cost, and is classified as a long-term plant asset.

Materials and supplies inventories consist of inventories both related to and unrelated to NGD and are stated at the lower of average cost or net realizable value.

NW Natural's NGD and gas storage inventories totaled \$ 47.2 million and \$ 61.9 million at December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, NW Holdings' materials and supplies inventories, which are comprised primarily of NW Natural's materials and supplies, totaled \$ 25.6 million and \$ 23.5 million, respectively.

During 2023 and 2022, NW Natural entered into certain agreements to purchase renewable thermal certificates (RTCs). RTCs are initially recorded at cost and subsequently assessed for impairment based on the lower-of-cost or market model. NW Natural's RTCs inventory totaled \$ 0.5 million and \$ 1.7 million at December 31, 2023 and 2022, respectively.

Greenhouse Gas Allowances

NW Natural is subject to greenhouse gas (GHG) emission reduction requirements under the Washington Climate Commitment Act (CCA) regulations and is likely to be subject to GHG emission reductions under a separate program in Oregon upon conclusion of the new ODEQ rulemaking. The new rulemaking was commenced upon the judicial invalidation of the prior rules promulgated by the ODEQ and is expected to take approximately 12 months.

Under Washington's CCA, emission reduction compliance mechanisms include: 1) allowances distributed at no cost by the state, 2) purchasing allowances at state-run auctions or secondary markets, 3) purchasing carbon offsets, and 4) supplying alternative gaseous fuels, such as renewable natural gas and hydrogen.

NW Natural will account for all purchased Washington allowances as inventory at the lower of cost or market. Any compliance instruments or allowances that are acquired through government allocations at no cost will be accounted for as inventory at no cost. As of December 31, 2023, NW Natural had \$ 39.3 million of emissions allowances for compliance in Washington recorded as inventory.

The CCA allows for the sale of compliance instruments or allowances, and as a result, should NW Natural sell these it will recognize revenue when title to the instrument or allowance is transferred to a counterparty, and NW Natural will recognize expense at the time of recognition of the related sale. In September and December 2023, NW Natural consigned no-cost allowances to Washington auctions and received \$ 10.0 million and \$ 7.1 million, respectively, in cash, which proceeds were recorded as a regulatory liability for the benefit of customers.

We measure the compliance obligation, which is based on emissions, at the carrying value of inventory held plus the fair value of any additional emission allowances NW Natural would need to purchase to satisfy the obligations. Under the Washington program, NW Natural has recognized a \$ 19.9 million liability as of December 31, 2023. We expect that the costs to comply with the Washington program will be recovered from utility customers through rates. As a result, NW Natural recognized \$ 20.5 million of deferred costs as of December 31, 2023.

Gas Reserves

Gas reserves are payments to acquire and produce natural gas reserves. Gas reserves are stated at cost, adjusted for regulatory amortization, with the associated deferred tax benefits recorded as liabilities on the balance sheet. The current portion is calculated based on expected gas deliveries within the next fiscal year. NW Natural recognizes regulatory amortization of this asset on a volumetric basis calculated using the estimated gas reserves and the estimated therms extracted and sold each month. The amortization of gas reserves is recorded to cost of gas along with gas production revenues and production costs. See Note 13.

Derivatives

NW Natural's derivatives are measured at fair value and recognized as either assets or liabilities on the balance sheet. Changes in the fair value of the derivatives are recognized in earnings unless specific regulatory or hedge accounting criteria are met. Accounting for derivatives and hedges provides an exception for contracts intended for normal purchases and normal sales for which physical delivery is probable. In addition, certain derivative contracts are approved by regulatory authorities for recovery or refund through customer rates. Accordingly, the changes in fair value of these approved contracts are deferred as regulatory assets or liabilities pursuant to regulatory accounting principles. NW Natural's financial derivatives generally qualify for deferral under regulatory accounting. NW Natural's index-priced physical derivative contracts also qualify for regulatory deferral accounting treatment.

Derivative contracts entered into for NGD requirements after the annual PGA rate has been set and maturing during the PGA year are subject to the PGA incentive sharing mechanism. In Oregon, NW Natural participates in a PGA sharing mechanism under which it is required to select either an 80 % or 90 % deferral of higher or lower gas costs such that the impact on current earnings from the gas cost sharing is either 20 % or 10 % of gas cost differences compared to PGA prices, respectively. For each of the PGA years in Oregon beginning November 1, 2023, 2022, and 2021, NW Natural selected the 90 % deferral of gas cost differences. In Washington, 100 % of the differences between the PGA prices and actual gas costs are deferred. See Note 15.

NW Holdings and NW Natural have financial derivative policies that set forth guidelines for using selected derivative products to support prudent risk management strategies within designated parameters. NW Natural's objective for using derivatives is to decrease the volatility of gas prices, interest rates, and cash flows without speculative risk. The use of derivatives is permitted only after the risk exposures have been identified, are determined to exceed acceptable tolerance levels, and are determined necessary to support normal business activities. NW Natural does not enter into derivative instruments for trading purposes. All commodity and foreign exchange derivatives are currently held at NW Natural, and interest rate swaps are held at NW Holdings and NWN Water.

Fair Value

In accordance with fair value accounting, we use the following fair value hierarchy for determining inputs for our debt, pension plan assets, and derivative fair value measurements:

- Level 1: Valuation is based on quoted prices for identical instruments traded in active markets;
- Level 2: Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market; and
- Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions market participants would use in valuing the asset or liability.

In addition, the fair value for certain pension trust investments is determined using Net Asset Value per share (NAV) as a practical expedient, and therefore they are not classified within the fair value hierarchy. These investments primarily consist of institutional investment products.

When developing fair value measurements, it is our policy to use quoted market prices whenever available or to maximize the use of observable inputs and minimize the use of unobservable inputs when quoted market prices are not available. Fair values are primarily developed using industry-standard models that consider various inputs including: (a) quoted future prices for commodities; (b) forward currency prices; (c) time value; (d) volatility factors; (e) current market and contractual prices for underlying instruments; (f) market interest rates and yield curves; (g) credit spreads; and (h) other relevant economic measures. NW Natural considers liquid points for natural gas hedging to be those points for which there are regularly published prices in a nationally recognized publication or where the instruments are traded on an exchange.

Goodwill and Business Combinations

NW Holdings, through its wholly-owned subsidiary NWN Water and NWN Water's wholly-owned subsidiaries, has completed various acquisitions that resulted in the recognition of goodwill. Goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred over the acquisition-date fair value of the net identifiable assets assumed. Adjustments are recorded during the measurement period to finalize the allocation of the purchase price. The carrying value of goodwill is reviewed annually during the fourth quarter, or whenever events or changes in circumstance indicate that such carrying values may not be recoverable. The goodwill assessment policy begins with a qualitative analysis in which events and circumstances are evaluated, including macroeconomic conditions, industry and market conditions, regulatory environments, and overall financial performance of the reporting unit. If the qualitative assessment indicates that the carrying value may be at risk of recoverability, a quantitative evaluation is performed to measure the carrying value of the goodwill against the fair value of the reporting unit. The reporting unit is determined primarily based on current operating segments and the level of review provided by the Chief Operating Decision Maker (CODM) and/or segment management on the operating segment's financial results. Reporting units are evaluated periodically for changes in the corporate environment.

As of December 31, 2023 and 2022, NW Holdings had goodwill of \$ 163.3 million and \$ 149.3 million, respectively. All of NW Holdings' goodwill was acquired through the business combinations completed by NWN Water and its wholly-owned subsidiaries. No impairment charges were recorded as a result of the fourth quarter goodwill impairment assessment.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date, and the fair value of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred. When NW Natural acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. When there is substantial judgment or uncertainty around the fair value of acquired assets, we may engage a third party expert to assist in determining the fair values of certain assets or liabilities.

Income Taxes

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the enactment date period unless, for NW Natural, a regulatory order specifies deferral of the effect of the change in tax rates over a longer period of time.

For NW Natural, deferred income tax assets and liabilities are also recognized for temporary differences where the deferred income tax benefits or expenses have previously been flowed through in the ratemaking process of the NGD business. Regulatory tax assets and liabilities are recorded on these deferred tax assets and liabilities to the extent it is believed they will be recoverable from or refunded to customers in future rates.

Investment tax credits associated with rate regulated plant additions are deferred for financial statement purposes and amortized over the estimated useful lives of the related plant.

NW Holdings files consolidated or combined income tax returns that include NW Natural. Income tax expense is allocated on a separate company basis incorporating certain consolidated return considerations. Subsidiary income taxes payable or receivable are generally settled with NW Holdings, the common agent for income tax matters.

Interest and penalties related to unrecognized tax benefits, if any, are recognized within income tax expense and accrued interest and penalties are recognized within the related tax liability line in the consolidated balance sheets. No accrued interest or penalties for uncertain tax benefits have been recorded. See Note 11.

Environmental Contingencies

Loss contingencies are recorded as liabilities when it is probable a liability has been incurred and the amount of the loss is reasonably estimable in accordance with accounting standards for contingencies. Estimating probable losses requires an analysis of uncertainties that often depend upon judgments about potential actions by third parties. Accruals for loss contingencies are recorded based on an analysis of potential results.

With respect to environmental liabilities and related costs, estimates are developed based on a review of information available from numerous sources, including completed studies and site specific negotiations. NW Natural's policy is to accrue the full amount of such liability when information is sufficient to reasonably estimate the amount of probable liability. When information is not available to reasonably estimate the probable liability, or when only the range of probable liabilities can be estimated and no amount within the range is more likely than another, it is our policy to accrue at the low end of the range. Accordingly, due to numerous uncertainties surrounding the course of environmental remediation and the preliminary nature of several site investigations, in some cases, it may not be possible to reasonably estimate the high end of the range of possible loss. In those cases, the nature of the potential loss and the fact that the high end of the range cannot be reasonably estimated is disclosed. See Note 17.

Unconsolidated Affiliates

NW Holdings, NW Natural and NWN Water have equity interests in businesses which we account for under the equity method as we do not exercise control of the major operating and financial policies. The business transactions with our equity method investments are not significant. We regularly assess the profitability and valuation of our investments for any potential impairment. See Note 13.

Cloud Computing Arrangements

Implementation costs associated with its cloud computing arrangements are capitalized consistent with costs capitalized for internal-use software. Capitalized implementation costs are included in other assets in the consolidated balance sheets. The implementation costs are amortized over the term of the related hosting agreement, including renewal periods that are reasonably certain to be exercised. Amortization expense of implementation costs are recorded as operations and maintenance expenses in the consolidated statements of comprehensive income. The implementation costs are included within operating activities in the consolidated statements of cash flows.

Subsequent Events

We monitor significant events occurring after the balance sheet date and prior to the issuance of the financial statements to determine the impacts, if any, of events on the financial statements to be issued.

3. EARNINGS PER SHARE

Basic earnings or loss per share are computed using NW Holdings' net income or loss and the weighted average number of common shares outstanding for each period presented. Diluted earnings per share are computed in the same manner, except using the weighted average number of common shares outstanding plus the effects of the assumed exercise of stock options and the payment of estimated stock awards from other stock-based compensation plans that are outstanding at the end of each period presented. Anti-dilutive stock awards are excluded from the calculation of diluted earnings or loss per common share.

NW Holdings' diluted earnings or loss per share are calculated as follows:

<i>In thousands, except per share data</i>	2023	2022	2021
Net income	\$ 93,868	\$ 86,303	\$ 78,666
Average common shares outstanding - basic	36,213	33,934	30,702
Additional shares for stock-based compensation plans (See Note 8)	52	50	50
Average common shares outstanding - diluted	<u>36,265</u>	<u>33,984</u>	<u>30,752</u>
Earnings per share of common stock:			
Basic	\$ 2.59	\$ 2.54	\$ 2.56
Diluted	2.59	2.54	2.56
Additional information:			
Anti-dilutive shares	1	2	7

4. SEGMENT INFORMATION

We primarily operate in one reportable business segment, which is NW Natural's local gas distribution business and is referred to as the NGD segment. NW Natural and NW Holdings also have investments and business activities not specifically related to the NGD segment, which are aggregated and reported as other and described below for each entity.

No individual customer accounts for over 10 % of NW Holdings' or NW Natural's operating revenues.

Natural Gas Distribution

NW Natural's local gas distribution segment (NGD) is a regulated utility principally engaged in the purchase, sale, and delivery of natural gas and related services to customers in Oregon and southwest Washington. The NGD business is responsible for building and maintaining a safe and reliable pipeline distribution system, purchasing sufficient gas supplies from producers and marketers, contracting for firm and interruptible transportation of gas over interstate pipelines to bring gas from the supply basins into its service territory, and re-selling the gas to customers subject to rates, terms, and conditions approved by the OPUC or WUTC. NGD also includes taking customer-owned gas and transporting it from interstate pipeline connections, or city gates, to the customers' end-use facilities for a fee, which is approved by the OPUC or WUTC. Approximately 88 % of NGD customers are located in Oregon and 12 % in Washington. On an annual basis, residential and commercial customers typically account for around 60 % of total NGD volumes delivered and around 90 % of NGD margin. Industrial customers largely account for the remaining volumes and NGD margin. A small amount of the margin is also derived from miscellaneous services, gains or losses from an incentive gas cost sharing mechanism, and other service fees.

Industrial sectors served by the NGD business include: pulp, paper, and other forest products; the manufacture of electronic, electrochemical and electrometallurgical products; the processing of farm and food products; the production of various mineral products; metal fabrication and casting; the production of machine tools, machinery, and textiles; the manufacture of asphalt, concrete, and rubber; printing and publishing; nurseries; and government and educational institutions.

In addition to NW Natural's local gas distribution business, the NGD segment also includes the portion of the Mist underground storage facility used to serve NGD customers, North Mist gas storage, NWN Gas Reserves, which is a wholly-owned subsidiary of Energy Corp, and NW Natural RNG Holding Company, LLC, a holding company established to invest in the development and procurement of regulated renewable natural gas for NW Natural.

NW Natural

NW Natural's activities in Other include Interstate Storage Services and third-party asset management services for the Mist facility in Oregon, appliance retail center operations, and corporate operating and non-operating revenues and expenses that cannot be allocated to NGD operations.

Earnings from Interstate Storage Services assets are primarily related to firm storage capacity revenues. Earnings from the Mist facility also include revenue, net of amounts shared with NGD customers, from management of NGD assets at Mist and upstream pipeline capacity when not needed to serve NGD customers. Under the Oregon sharing mechanism, NW Natural retains 80 % of the pre-tax income from these services when the costs of the capacity were not included in NGD rates, or 10 % of the pre-tax income when the costs have been included in these rates. The remaining 20 % and 90 %, respectively, are recorded to a deferred regulatory account for crediting back to NGD customers.

NW Holdings

NW Holdings' activities in Other include all remaining activities not associated with NW Natural, specifically NWN Water, which consolidates the water and wastewater utility operations and water services businesses; NWN Water's equity investment in Avion Water Company, Inc.; NWN Gas Storage, a wholly-owned subsidiary of NWN Energy; other pipeline assets in NNG Financial; and NW Natural Renewables Holdings, LLC and its non-regulated renewable natural gas activities. Other also includes corporate revenues and expenses that cannot be allocated to other operations, including certain business development activities.

Segment Information Summary

Inter-segment transactions were immaterial for the periods presented. The following table presents summary financial information concerning the reportable segment and other operations.

In thousands	NGD	Other (NW Natural)		NW Natural	Other (NW Holdings)		NW Holdings
2023							
Operating revenues	\$ 1,136,400	\$ 22,223	\$ 1,158,623	\$ 38,852	\$ 1,197,475		
Depreciation	118,417	1,097	119,514	6,067	125,581		
Income (loss) from operations	170,591	15,054	185,645	(704)	184,941		
Net income (loss)	94,042	10,695	104,737	(10,869)	93,868		
Capital expenditures	285,998	4,847	290,845	36,502	327,347		
Total assets at December 31, 2023	4,458,117	53,260	4,511,377	355,715	4,867,092		
2022							
Operating revenues	\$ 989,752	\$ 24,587	\$ 1,014,339	\$ 23,014	\$ 1,037,353		
Depreciation	111,871	1,086	112,957	3,750	116,707		
Income (loss) from operations	152,839	16,535	169,374	(1,897)	167,477		
Net income (loss)	79,690	11,874	91,564	(5,261)	86,303		
Capital expenditures	315,979	2,707	318,686	19,916	338,602		
Total assets at December 31, 2022	4,392,699	60,019	4,452,718	295,608	4,748,326		
2021							
Operating revenues	\$ 816,887	\$ 26,170	\$ 843,057	\$ 17,343	\$ 860,400		
Depreciation	109,475	1,029	110,504	3,030	113,534		
Income (loss) from operations	147,902	17,331	165,233	(2,116)	163,117		
Net income (loss)	68,988	12,184	81,172	(2,506)	78,666		
Capital expenditures	275,267	2,970	278,237	15,655	293,892		
Total assets at December 31, 2021	3,846,112	52,260	3,898,372	166,232	4,064,604		

Natural Gas Distribution Margin

NGD margin is the primary financial measure used by the CODM, consisting of NGD operating revenues, reduced by the associated cost of gas, environmental remediation expense, and revenue taxes. The cost of gas purchased for NGD customers is generally a pass-through cost in the amount of revenues billed to regulated NGD customers. Environmental remediation expense represents collections received from customers through environmental recovery mechanisms in Oregon and Washington as well as adjustments for the Oregon environmental earnings test when applicable. This is offset by environmental remediation expense presented in operating expenses. Revenue taxes are collected from NGD customers and remitted to taxing authorities. The collections from customers are offset by the expense recognition of the obligation to the taxing authority. By subtracting cost of gas, environmental remediation expense, and revenue taxes from NGD operating revenues, NGD margin provides a key metric used by the CODM in assessing the performance of the NGD segment.

The following table presents additional segment information concerning NGD margin:

In thousands	2023	2022	2021
NGD margin calculation:			
NGD operating revenues	\$ 1,117,498	\$ 970,124	\$ 797,800
Other regulated services	18,902	19,628	19,087
Total NGD operating revenues	1,136,400	989,752	816,887
Less: NGD cost of gas	500,061	429,861	292,538
Environmental remediation expense	12,899	12,389	9,938
Revenue taxes	48,432	41,627	34,600
NGD margin	\$ 575,008	\$ 505,875	\$ 479,811

5. COMMON STOCK

As of December 31, 2023 and 2022, NW Holdings had 100 million shares of common stock authorized. As of December 31, 2023, NW Holdings had 306,757 shares reserved for issuance of common stock under the Employee Stock Purchase Plan (ESPP) and 325,201 shares reserved for issuance under the Dividend Reinvestment and Direct Stock Purchase Plan (DRPP). At NW Holdings' election, shares sold through the DRPP may be purchased in the open market or through original issuance of shares reserved for issuance under the DRPP.

In August 2021, NW Holdings initiated an at-the-market (ATM) equity program by entering into an equity distribution agreement under which NW Holdings may issue and sell from time to time shares of common stock, no par value, having an aggregate gross sales price of up to \$ 200 million. NW Holdings is under no obligation to offer and sell common stock under the ATM equity program, which expires in August 2024. Any shares of common stock offered under the ATM equity program are registered on

NW Holdings' universal shelf registration statement filed with the SEC. During the year ended December 31, 2023, NW Holdings issued and sold 1,646,325 shares of common stock pursuant to the ATM equity program resulting in cash proceeds of \$ 66.4 million, net of fees and commissions paid to agents of \$ 1.2 million. As of December 31, 2023, NW Holdings had \$ 43.5 million of equity available for issuance under the program. The ATM equity program was initiated to raise funds for general corporate purposes, including equity contributions to NW Holdings' subsidiaries, NW Natural and NW Natural Water. Contributions to NW Natural and NW Natural Water will be used for general corporate purposes.

Stock Repurchase Program

NW Holdings has a share repurchase program under which it may purchase its common shares on the open market or through privately negotiated transactions. NW Holdings currently has Board authorization to repurchase up to an aggregate of the greater of 2.8 million shares or \$ 100 million. No shares of common stock were repurchased pursuant to this program during the year ended December 31, 2023. Since the plan's inception in 2000 under NW Natural, a total of 2.1 million shares have been repurchased at a total cost of \$ 83.3 million.

The following table summarizes the changes in the number of shares of NW Holdings' common stock issued and outstanding:

In thousands	Shares
Balance, December 31, 2020	30,589
Sales to employees under ESPP	48
Stock-based compensation	49
Equity issuance	376
Sales to shareholders under DRPP	67
Balance, December 31, 2021	31,129
Sales to employees under ESPP	36
Stock-based compensation	42
Equity issuance	4,257
Sales to shareholders under DRPP	61
Balance, December 31, 2022	35,525
Sales to employees under ESPP	13
Stock-based compensation	39
Equity issuance	1,658
Sales to shareholders under DRPP	69
Shares issued in connection with business combinations	327
Balance, December 31, 2023	<u>37,631</u>

6. REVENUE

The following table presents disaggregated revenue from continuing operations:

In thousands	Year ended December 31, 2023				
	NGD	Other (NW Natural)	NW Natural	Other (NW Holdings)	NW Holdings
Natural gas sales	\$ 1,109,223	\$ —	\$ 1,109,223	\$ —	\$ 1,109,223
Gas storage revenue, net	—	12,041	12,041	—	12,041
Asset management revenue, net	—	5,942	5,942	—	5,942
Appliance retail center revenue	—	4,240	4,240	—	4,240
Other revenue	2,929	—	2,929	38,852	41,781
Revenue from contracts with customers	1,112,152	22,223	1,134,375	38,852	1,173,227
Alternative revenue	8,198	—	8,198	—	8,198
Leasing revenue	16,050	—	16,050	—	16,050
Total operating revenues	<u>\$ 1,136,400</u>	<u>\$ 22,223</u>	<u>\$ 1,158,623</u>	<u>\$ 38,852</u>	<u>\$ 1,197,475</u>

Year ended December 31, 2022

In thousands	NGD		Other (NW Natural)		NW Natural		Other (NW Holdings)		NW Holdings
Natural gas sales	\$	989,654	\$	—	\$	989,654	\$	—	\$ 989,654
Gas storage revenue, net		—		11,792		11,792		—	11,792
Asset management revenue, net		—		6,965		6,965		—	6,965
Appliance retail center revenue		—		5,830		5,830		—	5,830
Other revenue		2,510		—		2,510		23,014	25,524
Revenue from contracts with customers		992,164		24,587		1,016,751		23,014	1,039,765
Alternative revenue		(19,605)		—		(19,605)		—	(19,605)
Leasing revenue		17,193		—		17,193		—	17,193
Total operating revenues	\$	989,752	\$	24,587	\$	1,014,339	\$	23,014	\$ 1,037,353

Year ended December 31, 2021

In thousands	NGD		Other (NW Natural)		NW Natural		Other (NW Holdings)		NW Holdings
Natural gas sales	\$	783,027	\$	—	\$	783,027	\$	—	\$ 783,027
Gas storage revenue, net		—		10,830		10,830		—	10,830
Asset management revenue, net		—		9,387		9,387		—	9,387
Appliance retail center revenue		—		5,953		5,953		—	5,953
Other revenue		1,615		—		1,615		17,343	18,958
Revenue from contracts with customers		784,642		26,170		810,812		17,343	828,155
Alternative revenue		14,694		—		14,694		—	14,694
Leasing revenue		17,551		—		17,551		—	17,551
Total operating revenues	\$	816,887	\$	26,170	\$	843,057	\$	17,343	\$ 860,400

NW Natural's revenue represents substantially all of NW Holdings' revenue and is recognized for both registrants when the obligation to customers is satisfied and in the amount expected to be received in exchange for transferring goods or providing services. Revenue from contracts with customers contains one performance obligation that is generally satisfied over time, using the output method based on time elapsed, due to the continuous nature of the service provided. The transaction price is determined by a set price agreed upon in the contract or dependent on regulatory tariffs. Customer accounts are settled on a monthly basis or paid at time of sale and based on historical experience. It is probable that we will collect substantially all of the consideration to which we are entitled. We evaluated the probability of collection in accordance with the current expected credit losses standard.

NW Holdings and NW Natural do not have any material contract assets, as net accounts receivable and accrued unbilled revenue balances are unconditional and only involve the passage of time until such balances are billed and collected. NW Holdings and NW Natural do not have any material contract liabilities.

Revenue taxes are included in operating revenues with an equal and offsetting expense recognized in operating expenses in the consolidated statements of comprehensive income. Revenue-based taxes are primarily franchise taxes, which are collected from NGD customers and remitted to taxing authorities.

Natural Gas Distribution

Natural Gas Sales

NW Natural's primary source of revenue is providing natural gas to customers in the NGD service territory, which includes residential, commercial, industrial and transportation customers. NGD revenue is generally recognized over time upon delivery of the gas commodity or service to the customer, and the amount of consideration received and recognized as revenue is dependent on the Oregon and Washington tariffs. Customer accounts are to be paid in full each month, and there is no right of return or warranty for services provided. Revenues include firm and interruptible sales and transportation services, franchise taxes recovered from the customer, late payment fees, service fees, and accruals for gas delivered but not yet billed (accrued unbilled revenue). The accrued unbilled revenue balance is based on estimates of deliveries during the period from the last meter reading and management judgment is required for a number of factors used in this calculation, including customer use and weather factors.

We applied the significant financing practical expedient and have not adjusted the consideration NW Natural expects to receive from NGD customers for the effects of a significant financing component as all payment arrangements are settled annually. Due to the election of the right to invoice practical expedient, we do not disclose the value of unsatisfied performance obligations.

Alternative Revenue

Weather normalization (WARM) and decoupling mechanisms are considered to be alternative revenue programs. Alternative revenue programs are considered to be contracts between NW Natural and its regulator and are excluded from revenue from contracts with customers.

Leasing Revenue

Leasing revenue primarily consists of revenues from NW Natural's North Mist Storage contract with Portland General Electric (PGE) in support of PGE's gas-fired electric power generation facilities under an initial 30 -year contract with options to extend, totaling up to an additional 50 years upon mutual agreement of the parties. The facility is accounted for as a sales-type lease with regulatory accounting deferral treatment. The investment is included in rate base under an established cost-of-service tariff schedule, with revenues recognized according to the tariff schedule and as such, profit upon commencement was deferred and will be amortized over the lease term. Leasing revenue also contains rental revenue from small leases of property owned by NW Natural to third parties. The majority of these transactions are accounted for as operating leases and the revenue is recognized over the term of the lease agreement. Lease revenue is excluded from revenue from contracts with customers. See Note 7 for additional information.

NW Natural Other

Gas Storage Revenue

NW Natural's other revenue includes gas storage activity, which includes Interstate Storage Services used to store natural gas for customers. Gas storage revenue is generally recognized over time as the gas storage service is provided to the customer and the amount of consideration received and recognized as revenue is dependent on set rates defined per the storage agreements. Noncash consideration in the form of dekatherms of natural gas is received as consideration for providing gas injection services to gas storage customers. This noncash consideration is measured at fair value using the average spot rate. Customer accounts are generally paid in full each month, and there is no right of return or warranty for services provided. Revenues include firm and interruptible storage services, net of the profit sharing amount refunded to NGD customers.

Asset Management Revenue

Revenues include the optimization of storage assets and pipeline capacity and are provided net of the profit sharing amount refunded to NGD customers. Certain asset management revenues received are recognized over time using a straight-line approach over the term of each contract, and the amount of consideration received and recognized as revenue is dependent on a variable pricing model. Variable revenues earned above guaranteed amounts are estimated and recognized at the end of each period using the most likely amount approach. Additionally, other asset management revenues may be based on a fixed rate. Generally, asset management accounts are settled on a monthly basis.

As of December 31, 2023, unrecognized revenue for the fixed component of the transaction price related to gas storage and asset management revenue was approximately \$ 78.1 million. Of this amount, approximately \$ 19.9 million will be recognized in 2024, \$ 19.0 million in 2025, \$ 14.9 million in 2026, \$ 7.4 million in 2027, and \$ 16.9 million thereafter. The amounts presented here are calculated using current contracted rates.

Appliance Retail Center Revenue

NW Natural owns and operates an appliance store that is open to the public, where customers can purchase natural gas home appliances. Revenue from the sale of appliances is recognized at the point in time in which the appliance is transferred to the third party responsible for delivery and installation services and when the customer has legal title to the appliance. It is required that the sale be paid for in full prior to transfer of legal title. The amount of consideration received and recognized as revenue varies with changes in marketing incentives and discounts offered to customers.

NW Holdings Other

NW Holdings' primary source of other revenue is providing water and wastewater services to customers. Water and wastewater service revenue is generally recognized over time upon delivery of the water commodity or service to the customer, and the amount of consideration received and recognized as revenue is dependent on the tariffs established in the state we operate. Customer accounts are to be paid in full each month, and there is no right of return or warranty for services provided.

We applied the significant financing practical expedient and have not adjusted the consideration we expect to receive from water distribution and wastewater collection customers for the effects of a significant financing component as all payment arrangements are settled annually. Due to the election of the right to invoice practical expedient, we do not disclose the value of unsatisfied performance obligations .

7. LEASES

Lease Revenue

Leasing revenue primarily consists of NW Natural's North Mist natural gas storage agreement with PGE which is billed under an OPUC-approved rate schedule and includes an initial 30 -year term beginning May 2019 with options to extend, totaling up to an additional 50 years upon mutual agreement of the parties. Under U.S. GAAP, this agreement is classified as a sales-type lease and qualifies for regulatory accounting deferral treatment. The investment in the storage facility is included in rate base under a separately established cost-of-service tariff, with revenues recognized according to the tariff schedule. As such, the selling profit that was calculated upon commencement as part of the sale-type lease recognition was deferred and will be amortized over the lease term. Billing rates under the cost-of-service tariff will be updated annually to reflect current information including depreciable asset levels, forecasted operating expenses, and the results of regulatory proceedings, as applicable, and revenue received under this agreement is recognized as operating revenue on the consolidated statements of comprehensive income. There are no variable payments or residual value guarantees. The lease does not contain an option to purchase the underlying assets.

NW Natural also maintains a sales-type lease for specialized compressor facilities to provide high pressure compressed natural gas (CNG) services. Lease payments are outlined in an OPUC-approved rate schedule over a 10 -year term. There are no variable payments or residual value guarantees. The selling profit computed upon lease commencement was not significant.

Our lessor portfolio also contains small leases of property owned by NW Natural to third parties. These transactions are accounted for as operating leases and the revenue is recognized over the term of the lease agreement.

The components of lease revenue at NW Natural were as follows:

In thousands	Year ended December 31,		
	2023	2022	2021
Lease revenue			
Operating leases	\$ 76	\$ 74	\$ 80
Sales-type leases	15,974	17,119	17,471
Total lease revenue	\$ 16,050	\$ 17,193	\$ 17,551

Additionally, lease revenue of \$ 0.6 million, \$ 0.6 million and \$ 0.5 million was recognized for each of the years ended December 31, 2023, 2022, and 2021, respectively, related to operating leases associated with non-utility property rentals. Lease revenue related to these leases was presented in other income (expense), net on the consolidated statements of comprehensive income as it is non-operating income.

Total future minimum lease payments to be received under non-cancelable leases at December 31, 2023 are as follows:

<i>In thousands</i>	Operating	Sales-Type	Total
NW Natural:			
2024	\$ 603	\$ 15,867	\$ 16,470
2025	599	15,306	15,905
2026	36	14,901	14,937
2027	22	14,521	14,543
2028	—	13,983	13,983
Thereafter	—	208,316	208,316
Total minimum lease payments	<u>\$ 1,260</u>	<u>282,894</u>	<u>\$ 284,154</u>
Less: imputed interest		153,806	
Total leases receivable		<u>\$ 129,088</u>	
Other NW Holdings:			
2024	\$ 52	\$ —	\$ 52
2025	53	—	53
2026	56	—	56
2027	57	—	57
2028	58	—	58
Thereafter	800	—	800
Total minimum lease payments	<u>\$ 1,076</u>	<u>\$ —</u>	<u>\$ 1,076</u>
NW Holdings:			
2024	\$ 655	\$ 15,867	\$ 16,522
2025	652	15,306	15,958
2026	92	14,901	14,993
2027	79	14,521	14,600
2028	58	13,983	14,041
Thereafter	800	208,316	209,116
Total minimum lease payments	<u>\$ 2,336</u>	<u>282,894</u>	<u>\$ 285,230</u>
Less: imputed interest		153,806	
Total leases receivable		<u>\$ 129,088</u>	

The total leases receivable above is reported under the NGD segment and the short- and long-term portions are included within other current assets and assets under sales-type leases on the consolidated balance sheets, respectively. The total amount of unguaranteed residual assets was \$ 5.5 million and \$ 5.1 million at December 31, 2023 and 2022, respectively, and is included in assets under sales-type leases on the consolidated balance sheets. Additionally, under regulatory accounting, the revenues and expenses associated with these agreements are presented on the consolidated statements of comprehensive income such that their presentation aligns with similar regulated activities at NW Natural.

Lease Expense

Operating Leases

We have operating leases for land, buildings and equipment. Our primary lease is for NW Natural's headquarters and operations center. Our leases have remaining lease terms of nine months to 16 years. Many of our lease agreements include options to extend the lease, which we do not include in our minimum lease terms unless they are reasonably certain to be exercised. Short-term leases with a term of 12 months or less are not recorded on the balance sheet.

As most of our leases do not provide an implicit rate and are entered into by NW Natural, we use an estimated discount rate representing the rate we would have incurred to finance the funds necessary to purchase the leased asset and is based on information available at the lease commencement date in determining the present value of lease payments.

The components of lease expense, a portion of which is capitalized, were as follows:

In thousands	Year ended December 31, 2023			
	NW Natural	Other (NW Holdings)	NW Holdings	
Operating lease expense	\$ 7,244	\$ 176	\$	7,420
Short-term lease expense	925	—		925

In thousands	Year ended December 31, 2022			
	NW Natural	Other (NW Holdings)	NW Holdings	
Operating lease expense	\$ 7,003	\$ 31	\$	7,034
Short-term lease expense	880	—		880

In thousands	Year ended December 31, 2021			
	NW Natural	Other (NW Holdings)	NW Holdings	
Operating lease expense	\$ 6,859	\$ 58	\$	6,917
Short-term lease expense	1,220	—		1,220

Supplemental balance sheet information related to operating leases as of December 31, 2023 is as follows:

In thousands	Other			
	NW Natural	Other (NW Holdings)	NW Holdings	
Operating lease right of use assets	\$ 70,728	\$ 580	\$	71,308
Operating lease liabilities - current liabilities	\$ 2,128	\$ 205	\$	2,333
Operating lease liabilities - non-current liabilities	76,757	410		77,167
Total operating lease liabilities	\$ 78,885	\$ 615	\$	79,500

Supplemental balance sheet information related to operating leases as of December 31, 2022 is as follows:

In thousands	Other			
	NW Natural	Other (NW Holdings)	NW Holdings	
Operating lease right of use assets	\$ 72,720	\$ 709	\$	73,429
Operating lease liabilities - current liabilities	\$ 1,363	\$ 151	\$	1,514
Operating lease liabilities - non-current liabilities	78,345	620		78,965
Total operating lease liabilities	\$ 79,708	\$ 771	\$	80,479

The weighted-average remaining lease terms and weighted-average discount rates for the operating leases at NW Natural were as follows:

	2023	2022
Weighted-average remaining lease term (years)	16.2	17.2
Weighted-average discount rate	7.3 %	7.3 %

Headquarters and Operations Center Lease

NW Natural commenced a 20 -year operating lease agreement in March 2020 for a new headquarters and operations center in Portland, Oregon. There is an option to extend the term of the lease for two additional periods of seven years . There is a material timing difference between the minimum lease payments and expense recognition as calculated under operating lease accounting rules. OPUC issued an order allowing us to align our expense recognition with cash payments for ratemaking purposes. We recorded the difference between the minimum lease payments and the aggregate of the imputed interest on the finance lease obligation and amortization of the right-of-use asset as a regulatory asset on our balance sheet. The balance of the regulatory asset was \$ 8.0 million and \$ 6.9 million as of December 31, 2023 and 2022, respectively.

Maturities of operating lease liabilities at December 31, 2023 were as follows:

In thousands	NW Natural	Other (NW Holdings)	NW Holdings
2024	\$ 7,484	\$ 183	\$ 7,667
2025	7,362	176	7,538
2026	7,361	153	7,514
2027	7,538	107	7,645
2028	7,719	6	7,725
Thereafter	101,272	6	101,278
Total lease payments	138,736	631	139,367
Less: imputed interest	59,851	16	59,867
Total lease obligations	78,885	615	79,500
Less: current obligations	2,128	205	2,333
Long-term lease obligations	\$ 76,757	\$ 410	\$ 77,167

As of December 31, 2023, there were no finance lease liabilities at NW Natural.

Cash Flow Information

Supplemental cash flow information related to leases was as follows:

In thousands	Year ended December 31, 2023			
	NW Natural	Other (NW Holdings)	NW Holdings	
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	\$ 7,434	\$ 176	\$	7,610
Finance cash flows from finance leases	369	—		369
Right of use assets obtained in exchange for lease obligations				
Operating leases	\$ 659	\$ —	\$	659
Finance leases	369	101		470

In thousands	Year ended December 31, 2022			
	NW Natural	Other (NW Holdings)	NW Holdings	
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	\$ 6,993	\$ 64	\$	7,057
Finance cash flows from finance leases	524	—		524
Right of use assets obtained in exchange for lease obligations				
Operating leases	\$ 309	\$ 668	\$	977
Finance leases	270	—		270

In thousands	Year ended December 31, 2021			
	NW Natural	Other (NW Holdings)	NW Holdings	
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	\$ 6,840	\$ 58	\$	6,898
Finance cash flows from finance leases	801	—		801
Right of use assets obtained in exchange for lease obligations				
Operating leases	\$ 223	\$ —	\$	223
Finance leases	314	—		314

Finance Leases

NW Natural also leases building storage spaces for use as a gas meter room in order to provide natural gas to multifamily or mixed use developments. These contracts are accounted for as finance leases and typically involve a one-time upfront payment with no remaining liability. The right of use asset for finance leases was \$ 2.6 million and \$ 2.3 million at December 31, 2023 and 2022, respectively.

8. STOCK-BASED COMPENSATION

Stock-based compensation plans are designed to promote stock ownership in NW Holdings by employees and officers of NW Holdings and its affiliates. These compensation plans include a Long Term Incentive Plan (LTIP) and an ESPP.

Long Term Incentive Plan

The LTIP is intended to provide a flexible, competitive compensation program for eligible officers and key employees. Under the LTIP, shares of NW Holdings common stock are authorized for equity incentive grants in the form of stock, restricted stock, restricted stock units, stock options, or performance shares. An aggregate of 1,100,000 shares were authorized for issuance as of December 31, 2023. Shares awarded under the LTIP may be purchased on the open market or issued as original shares.

Of the 1,100,000 shares of common stock authorized for LTIP awards at December 31, 2023, there were 180,755 shares available for issuance under any type of award. This assumes market, performance, and service-based grants currently outstanding are awarded at the target level. There were no outstanding grants of restricted stock or stock options under the LTIP at December 31, 2023 or 2022. The LTIP stock awards are compensatory awards for which compensation expense is based on the fair value of stock awards, with expense being recognized over the performance and vesting period of the outstanding awards. Forfeitures are recognized as they occur.

Performance Shares

LTIP performance shares incorporate a combination of market, performance, and service-based factors. The following table summarizes performance share expense information:

Dollars in thousands	Expense During Award			Total Expense for Award
	Shares ⁽¹⁾	Year ⁽²⁾		
Estimated award:				
2021-2023 grant ⁽³⁾	40,719	\$ 1,581	\$ 1,581	1,581
Actual award:				
2020-2022 grant	29,472	\$ 888	\$ 888	888
2019-2021 grant	37,430	\$ 1,323	\$ 1,323	1,323

⁽¹⁾ In addition to common stock shares, a participant also receives a dividend equivalent cash payment equal to the number of shares of common stock received on the award payout multiplied by the aggregate cash dividends paid per share during the performance period.

⁽²⁾ Amount represents the expense recognized in the third year of the vesting period noted above. For the 2019-2021, 2020-2022, and 2021-2023 grants, mutual understanding of the award's key terms was established in the third year of the vesting period, triggering full expense recognition in 2021, 2022, and 2023, respectively.

⁽³⁾ This represents the estimated number of shares to be awarded as of December 31, 2023 as certain performance share measures have been achieved. Amounts are subject to change with final payout amounts authorized by the Board of Directors in February 2024.

The aggregate number of performance shares granted and outstanding at the target and maximum levels were as follows:

Dollars in thousands	Performance Share Awards Outstanding		2023 Expense
	Target	Maximum	
2021-23	48,030	96,060	\$ 1,581
2022-24	—	—	—
2023-25	—	—	—
Total	48,030	96,060	\$ 1,581

Performance share awards are based on the achievement of a three-year ROIC threshold that must be met and a cumulative EPS factor, which can be modified by a TSR factor relative to a specified peer group (2021-2023, 2022-2024, and 2023-2025 performance share awards) over the three-year performance period. The performance period allows for one of the performance factors to remain variable until the first quarter of the third year of the award period. As the performance factor will not be approved until the first quarter of 2024 and 2025, there is not a mutual understanding of the awards' key terms and conditions between NW Natural and the participants as of December 31, 2023, and therefore, no expense was recognized for the 2022-2024 and 2023-2025 performance period. NW Natural will calculate the grant date fair value and recognize expense once the final performance factor has been approved. If the target is achieved for the 2022-2024 and 2023-2025 awards, NW Holdings would grant for accounting purposes 49,100 and 52,765 shares in the first quarter of 2024 and 2025, respectively.

Compensation expense is recognized in accordance with accounting standards for stock-based compensation and calculated based on performance levels achieved and an estimated fair value using the Monte-Carlo method. Due to there not being a mutual understanding of the 2022-2024 and 2023-2025 awards' key terms and conditions as noted above, the grant date fair value has not yet been determined and no non-vested shares existed at December 31, 2023. The weighted-average grant date fair value of non-vested shares associated with the 2021-2023 awards was \$ 49.17 per share at December 31, 2023. The

weighted-average grant date fair value of shares vested during the year was \$ 49.17 per share and there were no performance shares granted during the year and no unrecognized compensation expense for accounting purposes as of December 31, 2023.

Restricted Stock Units

In 2012, RSUs began being granted under the LTIP instead of stock options under the Restated SOP. Generally, the RSUs awarded are forfeitable and include a performance-based threshold as well as a vesting period of four years from the grant date. The majority of our RSU grants obligate NW Holdings, upon vesting, to issue the RSU holder one share of common stock. The grant may also include a cash payment equal to the total amount of dividends paid per share between the grant date and vesting date of that portion of the RSU depending on the structure of the award agreement. The fair value of an RSU is equal to the closing market price of NW Holdings' common stock on the grant date. During 2023, total RSU expense was \$ 1.9 million compared to \$ 2.1 million in 2022 and \$ 2.0 million in 2021. As of December 31, 2023, there was \$ 3.1 million of unrecognized compensation cost from grants of RSUs, which is expected to be recognized over a period extending through 2027.

Information regarding the RSU activity is summarized as follows:

	Number of RSUs	Weighted - Average	Price Per RSU
Nonvested, December 31, 2020	82,464	\$ 59.40	
Granted	38,160	49.16	
Vested	(31,733)	60.06	
Forfeited	(1,164)	46.82	
Nonvested, December 31, 2021	87,727	54.87	
Granted	48,212	46.50	
Vested	(33,054)	55.90	
Forfeited	(3,037)	56.34	
Nonvested, December 31, 2022	99,848	50.44	
Granted	45,532	48.24	
Vested	(36,393)	56.65	
Forfeited	(11,696)	49.98	
Nonvested, December 31, 2023	97,291	\$ 49.80	

Employee Stock Purchase Plan

NW Holdings' ESPP allows employees of NW Holdings, NW Natural and certain designated subsidiaries to purchase common stock at 85 % of the closing price on the trading day immediately preceding the initial offering date, which is set annually. For the 2023-2024 ESPP period, each eligible employee may purchase up to \$ 21,224 worth of stock through payroll deductions over a period defined by the Board of Directors, with shares issued at the end of the subscription period.

Stock-Based Compensation Expense

Stock-based compensation expense is recognized as operations and maintenance expense or is capitalized as part of construction overhead at the entity at which the award recipient is employed. The following table summarizes the NW Holdings' financial statement impact, substantially all of which was recorded at NW Natural, of stock-based compensation under the LTIP and ESPP:

In thousands	2023	2022	2021
Operations and maintenance expense, for stock-based compensation	\$ 3,293	\$ 2,877	\$ 3,272
Income tax benefit	(872)	(762)	(866)
Net stock-based compensation effect on net income	2,421	2,115	2,406
Amounts capitalized for stock-based compensation	<u>\$ 305</u>	<u>\$ 351</u>	<u>\$ 344</u>

9. DEBT

Short-Term Debt

The primary source of short-term liquidity for NW Holdings is cash balances, dividends from its operating subsidiaries, in particular NW Natural, available cash from a multi-year credit facility, and short-term credit facilities it may enter into from time to time.

The primary source of short-term liquidity for NW Natural is from the sale of commercial paper, available cash from a multi-year credit facility, and short-term credit facilities it may enter into from time to time. In addition to issuing commercial paper or entering into bank loans to meet working capital requirements, including seasonal requirements to finance gas purchases and accounts receivable, short-term debt may also be used to temporarily fund capital requirements. For NW Natural, commercial paper and bank loans are periodically refinanced through the sale of long-term debt or equity contributions from NW Holdings. Commercial paper, when outstanding, is sold through two commercial banks under an issuing and paying agency agreement and is supported by one or more unsecured revolving credit facilities. See "Credit Agreements" below.

At December 31, 2023 and 2022, NW Natural's short-term debt consisted of the following:

In millions	December 31, 2023		December 31, 2022	
	Balance Outstanding	Weighted Average Interest	Balance Outstanding	Weighted Average Interest
		Rate ⁽¹⁾		Rate ⁽¹⁾
NW Natural:				
Commercial paper	\$ 16.8	5.5 %	\$ 170.2	4.6 %
Other (NW Holdings):				
Credit agreement	73.0	6.4 %	88.0	5.3 %
NW Holdings	\$ 89.8		\$ 258.2	

⁽¹⁾ Weighted average interest rate on outstanding short-term debt

The carrying cost of commercial paper approximates fair value using Level 2 inputs. See Note 2 for a description of the fair value hierarchy. At December 31, 2023, NW Natural's commercial paper had a maximum remaining maturity of 5 days and an average remaining maturity of 4 days.

Credit Agreements

NW Holdings

In November 2021, NW Holdings entered into an amended and restated \$ 200.0 million credit agreement, with a feature that allows NW Holdings to request increases in the total commitment amount, up to a maximum of \$ 300.0 million. The maturity date of the agreement is November 3, 2026, with an available extension of commitments for two additional one-year periods, subject to lender approval. Interest charges on the NW Holdings credit agreement were indexed to the London Interbank Offered Rate (LIBOR) through January 31, 2023. The agreement was amended to replace LIBOR with the secured overnight financing rate (SOFR) beginning February 2023. The SOFR is subject to a 10 basis point spread adjustment.

The NW Holdings credit agreement permits the issuance of letters of credit in an aggregate amount of up to \$ 40.0 million. The principal amount of borrowings under the credit agreement is due and payable on the maturity date. The credit agreement requires NW Holdings to maintain a consolidated indebtedness to total capitalization ratio of 70 % or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Holdings was in compliance with this covenant at December 31, 2023 and 2022.

The NW Holdings credit agreement also requires NW Holdings to maintain debt ratings (which are defined by a formula using NW Natural's credit ratings in the event NW Holdings does not have a credit rating) with Standard & Poor's (S&P) and Moody's Investors Service, Inc. (Moody's) and notify the lenders of any change in its senior unsecured debt ratings or senior secured debt ratings, as applicable, by such rating agencies. A change in NW Holdings' debt ratings by S&P or Moody's is not an event of default, nor is the maintenance of a specific minimum level of debt rating a condition of drawing upon the credit agreement. Rather, interest rates on any loans outstanding under the credit agreements are tied to debt ratings and therefore, a change in the debt rating would increase or decrease the cost of any loans under the credit agreements when ratings are changed. NW Holdings maintains a credit rating with S&P of A+ and does not currently maintain ratings with Moody's.

There was \$ 73.0 million and \$ 88.0 million of outstanding balances under the NW Holdings agreement at December 31, 2023 and 2022, respectively. No letters of credit were issued or outstanding under the NW Holdings agreement at December 31, 2023 and 2022.

NW Natural

In November 2021, NW Natural entered into an amended and restated credit agreement for unsecured revolving loans totaling \$ 400.0 million, with a feature that allows NW Natural to request increases in the total commitment amount, up to a maximum of \$ 600.0 million. The maturity date of the agreement is November 3, 2026 with an available extension of commitments for two additional one-year periods, subject to lender approval. The credit agreement permits the issuance of letters of credit in an

aggregate amount of up to \$ 60.0 million. The principal amount of borrowings under the credit agreement is due and payable on the maturity date. Interest charges on the NW Natural credit agreement were indexed to the LIBOR through January 31, 2023. The agreement was amended to replace LIBOR with the SOFR beginning February 2023. The SOFR is subject to a 10 basis point spread adjustment.

NW Natural's credit agreement requires NW Natural to maintain a consolidated indebtedness to total capitalization ratio of 70 % or less. Failure to comply with this covenant would entitle the lenders to terminate their lending commitments and accelerate the maturity of all amounts outstanding. NW Natural was in compliance with this covenant at December 31, 2023 and 2022.

The NW Natural credit agreement also requires NW Natural to maintain credit ratings with S&P and Moody's and notify the lenders of any change in NW Natural's senior unsecured debt ratings or senior secured debt ratings, as applicable, by such rating agencies. A change in NW Natural's debt ratings by S&P or Moody's is not an event of default, nor is the maintenance of a specific minimum level of debt rating a condition of drawing upon the credit agreement. Rather, interest rates on any loans outstanding under the credit agreement are tied to debt ratings and therefore, a change in the debt rating would increase or decrease the cost of any loans under the credit agreement when ratings are changed.

There was one letter of credit outstanding at December 31, 2023 under NW Natural's credit agreement and no letters of credit outstanding at December 31, 2022. In December 2023, NW Natural issued a \$ 15 million letter of credit through its existing credit agreement, which expired January 5, 2024.

Letters of Credit Facility

In January 2024, NW Natural entered into an Uncommitted Letter of Credit and Reimbursement Agreement (LC Reimbursement Agreement), pursuant to which NW Natural agreed to reimburse each Lender acting as an issuing bank (Issuing Bank) thereunder for disbursements in respect of letters of credit (Letters of Credit) issued pursuant to the LC Reimbursement Agreement from time to time. The Company expects to use Letters of Credit issued under the facility created by the LC Reimbursement Agreement (LC Facility) primarily to support its participation in Washington Climate Commitment Act cap-and-invest program auctions.

Although there is no expressly stated maximum amount of Letters of Credit that can be issued or outstanding under the LC Facility, under current regulatory authority from the OPUC, the aggregate sum of Letters of Credit outstanding and available to be drawn under the LC Reimbursement Agreement may not exceed \$ 100 million at any one time. The Issuing Banks have no commitment to issue Letters of Credit under the LC Facility and will have the discretion to limit and condition the terms for the issuance of Letters of Credit (including maximum face amounts) in their sole discretion.

The LC Reimbursement Agreement requires NW Natural to maintain certain ratings with S&P and Moody's. NW Natural must also notify the Administrative Agent and Lenders of any change in the S&P or Moody's Ratings, although any such change is not an event of default.

The LC Reimbursement Agreement prohibits NW Natural from permitting Consolidated Indebtedness to be greater than 70 % of Total Capitalization, each as defined therein and calculated as of the end of each fiscal quarter of NW Natural. Failure to comply with this financial covenant would constitute an Event of Default under the LC Reimbursement Agreement. The occurrence of this or any other Event of Default would entitle the Administrative Agent to require cash collateral for the LC Exposure, as defined in the LC Reimbursement Agreement, and to exercise all other rights and remedies available to it and the Lenders under the Credit Documents, as defined in the LC Reimbursement Agreement, and under applicable law.

Long-Term Debt

At December 31, 2023 and 2022, NW Holdings long-term debt consisted of the following:

In millions	December 31, 2023		December 31, 2022	
	Balance Outstanding	Weighted Average Interest Rate ⁽¹⁾	Balance Outstanding	Weighted Average Interest Rate ⁽¹⁾
NW Natural first mortgage bonds	\$ 1,374.7	4.7 %	\$ 1,134.7	4.5 %
NW Holdings credit agreement	100.0	5.5 %	100.0	4.2 %
NWN Water credit agreement	50.0	5.8 %	50.0	4.2 %
NWN Water term loan	55.0	4.7 %	55.0	2.5 %
Other long-term debt	6.6		6.2	
Long-term debt, gross	1,586.3		1,345.9	
Less: unamortized debt issuance costs	10.0		9.0	
Less: current maturities	150.9		90.7	
Total long-term debt	\$ 1,425.4		\$ 1,246.2	

⁽¹⁾ Weighted average interest rate for the years ended December 31, 2023 and 2022.

NW Natural Long-Term Debt

NW Natural's issuance of First Mortgage Bonds (FMBs), which includes NW Natural's medium-term notes, under the Mortgage and Deed of Trust (Mortgage) is limited by eligible property, adjusted net earnings, and other provisions of the Mortgage. The Mortgage constitutes a first mortgage lien on certain gas properties owned from time to time by NW Natural, including substantially all of NW Natural's NGD property.

In August 2023, NW Natural issued and sold \$ 80.0 million aggregate principal amount of its FMBs, 5.18 % Series and \$ 50.0 million aggregate principal amount of its FMBs, 5.23 % Series. The 5.18 % Bonds bear interest at the rate of 5.18 % per annum, payable semi-annually on February 4 and August 4 of each year, commencing February 4, 2024, and will mature on August 4, 2034. The 5.23 % Bonds bear interest at the rate of 5.23 % per annum, payable semi-annually on February 4 and August 4 of each year, commencing February 4, 2024, and will mature on August 4, 2038.

In March 2023, NW Natural issued and sold \$ 100.0 million aggregate principal amount of 5.75 % Secured Medium-Term Notes, Series B due 2033 (the Notes). The Notes bear interest at the rate of 5.75 % per annum, payable semi-annually on March 15 and September 15 of each year.

In January 2023, NW Natural issued and sold \$ 100.0 million aggregate principal amount of its FMBs, 5.43 % Series due January 2053. The 5.43 % Bonds bear interest at the rate of 5.43 % per annum, payable semi-annually on January 6 and July 6 of each year, commencing July 6, 2023, and will mature on January 6, 2053.

NW Holdings Note Purchase Agreement

In December 2023, NW Holdings entered into a Note Purchase Agreement between NW Holdings and the institutional investors named as purchasers therein. The Note Purchase Agreement provides for the issuance of (i) \$ 100.0 million aggregate principal amount of NW Holdings' 5.78 % Senior Notes, Series A, due March 7, 2028 (5.78 % Notes) and (ii) \$ 50.0 million aggregate principal amount of NW Holdings' 5.84 % Senior Notes, Series B, due March 7, 2029 (5.84 % Notes) in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended. The 5.78 % Notes and the 5.84 % Notes are expected to be issued on or about March 7, 2024, pursuant to the Note Purchase Agreement. The proceeds from the Note Purchase Agreement are expected to be used to refinance \$ 150.0 million of existing term loans at NW Holdings and NWN Water.

The 5.78 % Notes will bear interest at the rate of 5.78 % per annum, payable semi-annually on March 7 and September 7 of each year, commencing September 9, 2024, and will mature on March 7, 2028. NW Holdings may, at its option, prepay at any time all, or from time to time any part of, the outstanding 5.78 % Notes at a price equal to 100 % of the principal amount thereof, plus a "make-whole" premium and accrued and unpaid interest thereon to the date of prepayment; provided, however, in the case of a partial prepayment, NW Holdings must prepay at least 5 % of the aggregate principal amount of the 5.78 % Notes outstanding. At any time on or after February 7, 2028, NW Holdings may, at its option, prepay all or any part of the 5.78 % Notes at 100 % of the principal amount thereof, plus accrued and unpaid interest thereon to the date of prepayment, but without the payment of a "make-whole" premium, so long as there is no Default or Event of Default under the Note Purchase Agreement.

The 5.84 % Bonds will bear interest at the rate of 5.84 % per annum, payable semi-annually on March 7 and September 7 of each year, commencing September 9, 2024, and will mature on March 7, 2029. NW Holdings may, at its option, prepay at any time all, or from time to time any part of, the outstanding 5.84 % Notes at a price equal to 100 % of the principal amount thereof, plus a "make-whole" premium and accrued and unpaid interest thereon to the date of prepayment; provided, however, in the case of a partial prepayment, NW Holdings must prepay at least 5 % of the aggregate principal amount of the 5.84 % Notes outstanding. At any time on or after February 7, 2029, NW Holdings may, at its option, prepay all or any part of the 5.84 % Notes at 100 % of the principal amount thereof, plus accrued and unpaid interest thereon to the date of prepayment, but without the payment of a "make-whole" premium, so long as there is no Default or Event of Default under the Note Purchase Agreement.

Interest Rate Swap Agreements

NW Holdings and NWN Water entered into interest rate swap agreements with major financial institutions that effectively convert variable-rate debt to a fixed rate. Interest payments made between the effective date and expiration date are hedged by the swap agreements. The notional amount, effective date, expiration date and benchmark rate of the swap agreements are shown in the table below:

<i>In millions</i>		Notional Amount	Effective Date	Expiration Date	Fixed Rate
NW Holdings	\$	100.0	1/17/2023	3/15/2024	4.7 %
NWN Water	\$	55.0	1/19/2023	6/10/2026	3.8 %

Maturities and Outstanding Long-Term Debt

Retirement of long-term debt for each of the annual periods through December 31, 2028 and thereafter are as follows:

<i>In thousands</i>	NW Natural	Other (NW Holdings)	NW Holdings
2024	\$ —	\$ 150,868	\$ 150,868
2025	30,000	824	30,824
2026	55,000	55,852	110,852
2027	64,700	881	65,581
2028	10,000	866	10,866
Thereafter	1,215,000	2,353	1,217,353
Total	\$ 1,374,700	\$ 211,644	\$ 1,586,344

The following table presents debt outstanding at NW Natural as of December 31:

<i>In thousands</i>	2023	2022
NW Natural:		
First Mortgage Bonds:		
3.542 % Series due 2023	\$ —	\$ 50,000
5.620 % Series due 2023	—	40,000
7.720 % Series due 2025	20,000	20,000
6.520 % Series due 2025	10,000	10,000
7.050 % Series due 2026	20,000	20,000
3.211 % Series due 2026	35,000	35,000
7.000 % Series due 2027	20,000	20,000
2.822 % Series due 2027	25,000	25,000
6.650 % Series due 2027	19,700	19,700
6.650 % Series due 2028	10,000	10,000
3.141 % Series due 2029	50,000	50,000
7.740 % Series due 2030	20,000	20,000
7.850 % Series due 2030	10,000	10,000
5.820 % Series due 2032	30,000	30,000
5.660 % Series due 2033	40,000	40,000
5.750 % Series due 2033	100,000	—
5.180 % Series due 2034	80,000	—
5.250 % Series due 2035	10,000	10,000
5.230 % Series due 2038	50,000	—
4.000 % Series due 2042	50,000	50,000
4.136 % Series due 2046	40,000	40,000
3.685 % Series due 2047	75,000	75,000
4.110 % Series due 2048	50,000	50,000
3.869 % Series due 2049	90,000	90,000
3.600 % Series due 2050	150,000	150,000
3.078 % Series due 2051	130,000	130,000
4.780 % Series due 2052	140,000	140,000
5.430 % Series due 2053	100,000	—
Long-term debt, gross	1,374,700	1,134,700
Less: current maturities	—	90,000
Total long-term debt	\$ 1,374,700	\$ 1,044,700

Fair Value of Long-Term Debt

NW Holdings' and NW Natural's outstanding debt does not trade in active markets. The fair value of debt is estimated using the value of outstanding debt at natural gas distribution companies with similar credit ratings, terms, and remaining maturities to NW Holdings' and NW Natural's debt that actively trade in public markets. Substantially all outstanding debt at NW Holdings is comprised of NW Natural debt. These valuations are based on Level 2 inputs as defined in the fair value hierarchy. See Note 2.

The following table provides an estimate of the fair value of long-term debt, including current maturities of long-term debt, using market prices in effect on the valuation date

In thousands	December 31,	
	2023	2022
NW Natural:		
Gross long-term debt	\$ 1,374,700	\$ 1,134,700
Unamortized debt issuance costs	(9,968)	(8,823)
Carrying amount	1,364,732	1,125,877
Estimated fair value ⁽¹⁾	1,236,559	944,383
NW Holdings:		
Gross long-term debt	\$ 1,586,344	\$ 1,345,851
Unamortized debt issuance costs	(10,044)	(8,987)
Carrying amount	1,576,300	1,336,864
Estimated fair value ⁽¹⁾	1,447,941	1,148,395

⁽¹⁾ Estimated fair value does not include unamortized debt issuance costs.

10. PENSION AND OTHER POSTRETIREE BENEFIT COSTS

NW Natural maintains a qualified non-contributory defined benefit pension plan (Pension Plan) for all eligible employees, non-qualified supplemental pension plans for eligible executive officers and other key employees, and other postretirement employee benefit plans. NW Natural also has a qualified defined contribution plan (Retirement K Savings Plan) for all eligible employees. The Pension Plan and Retirement K Savings Plan have plan assets, which are held in qualified trusts to fund retirement benefits.

Effective January 1, 2007 and 2010, the Pension Plan and postretirement benefits for non-union employees and union employees, respectively, were closed to new participants. Non-union and union employees hired or re-hired after December 31, 2006 and 2009, respectively, and employees of NW Natural subsidiaries are provided an enhanced Retirement K Savings Plan benefit.

The following table provides a reconciliation of the changes in NW Natural's benefit obligations and fair value of plan assets, as applicable, for NW Natural's pension and other postretirement benefit plans, excluding the Retirement K Savings Plan, and a summary of the funded status and amounts recognized in NW Holdings' and NW Natural's consolidated balance sheets as of December 31:

In thousands	Postretirement Benefit Plans			
	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Reconciliation of change in benefit obligation:				
Obligation at January 1	\$ 413,413	\$ 542,618	\$ 19,880	\$ 27,223
Service cost	3,922	5,933	105	193
Interest cost	21,019	14,593	1,067	724
Net actuarial gain (loss)	15,066	(122,168)	2,208	(6,234)
Benefits paid	(27,970)	(27,563)	(1,793)	(2,026)
Obligation at December 31	425,450	413,413	21,467	19,880
Reconciliation of change in plan assets:				
Fair value of plan assets at January 1	280,304	399,217	—	—
Actual return on plan assets	28,841	(93,703)	—	—
Employer contributions	2,269	2,353	1,793	2,026
Benefits paid	(27,970)	(27,563)	(1,793)	(2,026)
Fair value of plan assets at December 31	283,444	280,304	—	—
Funded status at December 31	\$ (142,006)	\$ (133,109)	\$ (21,467)	\$ (19,880)

At December 31, 2023, the net liability (benefit obligations less market value of plan assets) for the Pension Plan increased \$ 7.9 million compared to 2022. The increase in the net pension liability is primarily due to the \$ 11.0 million increase to the pension benefit obligation, partially offset by the \$ 3.1 million increase in plan assets. The liability for non-qualified plans increased \$ 1.0 million, and the liability for other postretirement benefits increased \$ 1.6 million in 2023.

NW Natural's Pension Plan had a projected benefit obligation of \$ 392.6 million and \$ 381.6 million at December 31, 2023 and 2022, respectively, and fair values of plan assets of \$ 283.4 million and \$ 280.3 million, respectively. The plan had an accumulated benefit obligation of \$ 363.5 million and \$ 353.4 million at December 31, 2023 and 2022, respectively.

The following table presents amounts realized through regulatory assets or in other comprehensive loss (income) for the years ended December 31:

In thousands	Regulatory Assets						Other Comprehensive Loss (Income)		
	Pension Benefits			Other Postretirement Benefits			Pension Benefits		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Net actuarial (gain) loss	\$ 10,318	\$ 2,833	\$ (32,258)	\$ 2,208	\$ (6,234)	\$ (688)	\$ 1,630	\$ (5,706)	\$ (812)
Amortization of:									
Prior service credit	—	—	—	—	333	468	—	—	—
Actuarial loss	—	(11,531)	(21,250)	—	(426)	(645)	(713)	(1,081)	(1,225)
Total	\$ 10,318	\$ (8,698)	\$ (53,508)	\$ 2,208	\$ (6,327)	\$ (865)	\$ 917	\$ (6,787)	\$ (2,037)

The following table presents amounts recognized in regulatory assets and accumulated other comprehensive loss (AOCL) at December 31:

In thousands	Regulatory Assets						AOCL	
	Pension Benefits			Other Postretirement Benefits			Pension Benefits	
	2023	2022	2023	2022	2023	2022	2023	2022
Prior service credit	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net actuarial loss (gain)	112,558	102,240	1,382	(826)	9,634	8,717		
Total	\$ 112,558	\$ 102,240	\$ 1,382	\$ (826)	\$ 9,634	\$ 8,717		

The following table presents amounts recognized by NW Holdings and NW Natural in AOCL and the changes in AOCL related to NW Natural's non-qualified employee benefit plans:

In thousands	Year ended December 31,	
	2023	2022
Beginning balance	\$ (6,414)	\$ (11,404)
Amounts reclassified to AOCL	(1,676)	5,706
Amounts reclassified from AOCL:		
Amortization of actuarial losses	558	1,081
Total reclassifications before tax	(1,118)	6,787
Tax benefit (expense)	295	(1,797)
Total reclassifications for the period	(823)	4,990
Ending balance	\$ (7,237)	\$ (6,414)

In 2024, NW Natural will amortize \$ 5.2 million in estimated costs from regulatory assets to net periodic benefit costs.

The assumed discount rates for NW Natural's Pension Plan and other postretirement benefit plans were determined independently based on the FTSE Above Median Curve (discount rate curve), which uses high quality corporate bonds rated AA- or higher by S&P or Aa3 or higher by Moody's. The discount rate curve was applied to match the estimated cash flows in each of the plans to reflect the timing and amount of expected future benefit payments for these plans.

The assumed expected long-term rate of return on plan assets for the Pension Plan was developed using a weighted-average of the expected returns for the target asset portfolio. In developing the expected long-term rate of return assumption, consideration was given to the historical performance of each asset class in which the plan's assets are invested and the target asset allocation for plan assets.

The investment strategy and policies for Pension Plan assets held in the retirement trust fund were approved by the NW Natural Retirement Committee, which is composed of senior management with the assistance of an outside investment consultant. The policies set forth the guidelines and objectives governing the investment of plan assets. Plan assets are invested for total return with appropriate consideration for liquidity, portfolio risk, and return expectations. All investments are expected to satisfy the prudent investments rule under the Employee Retirement Income Security Act of 1974. The approved asset classes may include cash and short-term investments, fixed income, common stock and convertible securities, absolute and real return strategies, and real estate. Plan assets may be invested in separately managed accounts or in commingled or mutual funds. Investment re-balancing takes place periodically as needed, or when significant cash flows occur, in order to maintain the allocation of assets.

within the stated target ranges. The retirement trust fund for the Pension Plan is not currently invested in NW Holdings or NW Natural securities.

The following table presents the Pension Plan asset target allocation at December 31, 2023:

Asset Category	Target Allocation
Long government/credit	20 %
U.S. large cap equity	18
Non-U.S. equity	18
Absolute return strategies	12
U.S. small/mid cap equity	10
Real estate funds	7
High yield bonds	5
Emerging markets equity	5
Emerging market debt	5

Non-qualified supplemental defined benefit plan obligations were \$ 32.8 million and \$ 31.8 million at December 31, 2023 and 2022, respectively. These plans are not subject to regulatory deferral, and the changes in actuarial gains and losses, prior service costs, and transition assets or obligations are recognized in AOCL, net of tax until they are amortized as a component of net periodic benefit cost. These are unfunded, non-qualified plans with no plan assets; however, a significant portion of the obligations is indirectly funded with company and trust-owned life insurance and other assets.

Other postretirement benefit plans are unfunded plans but are subject to regulatory deferral. The actuarial gains and losses, prior service costs, and transition assets or obligations for these plans are recognized as a regulatory asset.

Net periodic benefit costs consist of service costs, interest costs, the expected returns on plan assets, and the amortization of gains and losses and prior service costs. The gains and losses are the sum of the actuarial and asset gains and losses throughout the year and are amortized over the average remaining service period of active participants. The asset gains and losses are based in part on a market-related valuation of assets. The market-related valuation reflects differences between expected returns and actual investment returns with the differences recognized over a two-year period from the year in which they occur, thereby reducing year-to-year net periodic benefit cost volatility.

The service cost component of net periodic benefit cost for NW Natural pension and other postretirement benefit plans is recognized in operations and maintenance expense in the consolidated statements of comprehensive income. The other non-service cost components are recognized in other income (expense), net in the consolidated statements of comprehensive income. The following table provides the components of net periodic benefit cost for NW Natural's pension and other postretirement benefit plans for the years ended December 31:

In thousands	Pension Benefits			Other Postretirement Benefits		
	2023	2022	2021	2023	2022	2021
Service cost	\$ 3,922	\$ 5,933	\$ 6,981	\$ 105	\$ 193	\$ 238
Interest cost	21,018	14,593	13,448	1,067	724	684
Expected return on plan assets	(25,723)	(25,698)	(24,232)	—	—	—
Amortization of prior service credit	—	—	—	—	(333)	(468)
Amortization of net actuarial loss	713	12,612	22,475	—	426	645
Net periodic (benefit) cost	(70)	7,440	18,672	1,172	1,010	1,099
Amount allocated to construction	(1,684)	(2,621)	(3,015)	(36)	(76)	(93)
Net periodic (benefit) cost charged to expense	(1,754)	4,819	15,657	1,136	934	1,006
Amortization of regulatory balancing account	7,131	7,131	7,131	—	—	—
Net amount charged to expense	\$ 5,377	\$ 11,950	\$ 22,788	\$ 1,136	\$ 934	\$ 1,006

Net periodic benefit costs are reduced by amounts capitalized to NGD plant. In addition, a certain amount of net periodic benefit costs were recorded to the regulatory balancing account, representing net periodic pension expense for the Pension Plan above the amount set in rates, as approved by the OPUC, from 2011 through October 31, 2018. Total amortization of the regulatory balancing account of \$ 7.1 million was recognized in each of the years ended December 31, 2023 and 2022, of which \$ 2.6 million was charged to operations and maintenance expense and \$ 4.5 million was charged to other income (expense).

The following table provides the assumptions used in measuring periodic benefit costs and benefit obligations for the years ended December 31:

	Pension Benefits			Other Postretirement Benefits		
	2023	2022	2021	2023	2022	2021
Assumptions for net periodic benefit cost:						
Weighted-average discount rate	5.14 %	2.71 %	2.40 %	5.19 %	2.72 %	2.34 %
Rate of increase in compensation	4.00 - 5.00 %	3.50 %	3.50 %	n/a	n/a	n/a
Expected long-term rate of return	7.50 %	7.00 %	7.25 %	n/a	n/a	n/a
Assumptions for year-end funded status:						
Weighted-average discount rate	4.98 %	5.18 %	2.71 %	4.98 %	5.19 %	2.72 %
Rate of increase in compensation ⁽¹⁾	4.00 - 4.73 %	4.00 - 6.00 %	3.50 %	n/a	n/a	n/a
Expected long-term rate of return	7.50 %	7.50 %	7.00 %	n/a	n/a	n/a

⁽¹⁾ Rate assumption ranges from 3.2 % to 4.6 % in 2024, 4.7 % to 5.8 % in 2025 and 4.0 % to 4.7 % thereafter.

The assumed annual increase in health care cost trend rates used in measuring other postretirement benefits as of December 31, 2023 was 6.50 %. These trend rates apply to both medical and prescription drugs. Medical costs and prescription drugs are assumed to decrease gradually each year to a rate of 4.00 % by 2029.

Assumed health care cost trend rates can have a significant effect on the amounts reported for the health care plans; however, other postretirement benefit plans have a cap on the amount of costs reimbursable by NW Natural.

Mortality assumptions are reviewed annually and are updated for material changes as necessary. In 2023, mortality rate assumptions remained consistent with 2022, using Pri-2012 mortality tables using scale MP-2021.

The following table provides information regarding employer contributions and benefit payments for NW Natural's Pension Plan, non-qualified pension plans, and other postretirement benefit plans for the years ended December 31, and estimated future contributions and payments:

<i>In thousands</i>	Pension Benefits	Other Benefits
Employer Contributions:		
2022	\$ 2,353	\$ 2,026
2023	2,269	1,793
2024 (estimated)	22,850	3,233
Benefit Payments:		
2021	\$ 25,371	\$ 2,050
2022	27,563	2,026
2023	27,970	1,793
Estimated Future Benefit Payments:		
2024	\$ 27,288	\$ 3,233
2025	36,313	1,652
2026	27,979	1,620
2027	28,300	1,608
2028	28,604	1,583
2029-2033	145,652	7,440

Employer Contributions to Company-Sponsored Defined Benefit Pension Plan

NW Natural makes contributions to its Pension Plan based on actuarial assumptions and estimates, tax regulations, and funding requirements under federal law. The American Rescue Plan, which was signed into law on March 11, 2021, includes a provision for pension relief that extends the amortization period for required contributions from 7 to 15 years and provides for the stabilization of interest rates used to calculate future required contributions. As a result, NW Natural made no cash contributions to its Pension Plan for 2023.

The Pension Plan was underfunded by \$ 109.2 million at December 31, 2023. During 2024, NW Natural expects to make cash contributions of approximately \$ 20.6 million to the Pension Plan.

Multiemployer Pension Plan

In addition to the NW Natural-sponsored Pension Plan presented above, prior to 2014 NW Natural contributed to a multiemployer pension plan for its NGD union employees known as the Western States Office and Professional Employees International Union Pension Fund (Western States Plan). That plan's employer identification number is 94-6076144. Effective December 22, 2013, NW Natural withdrew from the plan, which was a noncash transaction. Vested participants will receive all benefits accrued.

through the date of withdrawal. As the plan was underfunded at the time of withdrawal, NW Natural was assessed a withdrawal liability of \$ 8.3 million, plus interest, which requires NW Natural to pay \$ 0.6 million each year to the plan for 20 years beginning in July 2014. The cost of the withdrawal liability was deferred to a regulatory account on the balance sheet.

Payments were \$ 0.6 million for 2023, and as of December 31, 2023, the liability balance was \$ 5.0 million. For 2022 and 2021, contributions to the plan were \$ 0.6 million and \$ 0.4 million, respectively, which was approximately 1 % to 4 % of the total contributions to the plan by all employer participants in those years.

Defined Contribution Plan

NW Natural's Retirement K Savings Plan is a qualified defined contribution plan under Internal Revenue Code Sections 401(a) and 401(k). NW Natural contributions totaled \$ 10.4 million, \$ 9.6 million, and \$ 8.8 million for 2023, 2022, and 2021, respectively.

Deferred Compensation Plans

NW Natural's supplemental deferred compensation plans for eligible officers and senior managers are non-qualified plans. These plans are designed to enhance the retirement savings of employees and to assist them in strengthening their financial security by providing an incentive to save and invest regularly.

Fair Value

Below is a description of the valuation methodologies used for assets measured at fair value. In cases where NW Natural's Pension Plan is invested through a collective trust fund or mutual fund, the fund's market value is utilized. Market values for investments directly owned are also utilized.

U.S. EQUITY. These are non-published net asset value (NAV) assets. The non-published NAV assets consist of commingled trusts where NAV is not published but the investment can be readily disposed of at NAV or market value. The underlying investments in this asset class includes investments primarily in U.S. common stocks.

INTERNATIONAL/GLOBAL EQUITY. These are Level 1 and non-published NAV assets. The Level 1 asset is a mutual fund, and the non-published NAV assets consist of commingled trusts where the NAV/unit price is not published, but the investment can be readily disposed of at the NAV/unit price. The mutual fund has a readily determinable fair value, including a published NAV, and the commingled trusts are valued at unit price. This asset class includes investments primarily in foreign equity common stocks.

LIABILITY HEDGING. These are non-published NAV assets. The non-published NAV assets consist of commingled trusts where NAV is not published but the investment can be readily disposed of at NAV or market value. The underlying investments in this asset class include long duration fixed income investments primarily in U.S. treasuries, U.S. government agencies, municipal securities, mortgage-backed securities, asset-backed securities, as well as U.S. and international investment-grade corporate bonds.

OPPORTUNISTIC. These are non-published NAV assets. The non-published NAV assets consist of commingled trusts where NAV is not published but the investment can be readily disposed of at NAV or market value. The underlying investments in this asset class include real estate investment trust equities, high yield bonds, floating rate debt, emerging market debt and a commodity index pool.

CASH AND CASH EQUIVALENTS. These are non-published NAV assets. The non-published NAV assets represent mutual funds without published NAV's but the investment can be readily disposed of at the NAV. The mutual funds are valued at the NAV of the shares held by the plan at the valuation date.

The preceding valuation methods may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Although we believe these valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain investments could result in a different fair value measurement at the reporting date.

Commingled trust investments are subject to a redemption notice period of five business days. There were no unfunded commitments for Plan investments as of December 31, 2023 and 2022.

Investment securities are exposed to various financial risks including interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of NW Natural's investment securities will occur in the near term and such changes could materially affect NW Natural's investment account balances and the amounts reported as plan assets available for benefit payments.

The following tables present the fair value of NW Natural's Pension Plan assets, including outstanding receivables and liabilities, of NW Natural's retirement trust fund:

In thousands

Investments	December 31, 2023				
	Level 1	Level 2	Level 3	Non-Published NAV ⁽¹⁾	Total
US equity	\$ —	\$ —	\$ —	\$ 73,910	\$ 73,910
International / Global equity	27,730	—	—	63,767	91,497
Liability hedging	—	—	—	98,408	98,408
Opportunistic	—	—	—	17,148	17,148
Cash and cash equivalents	—	—	—	2,480	2,480
Total investments	\$ 27,730	\$ —	\$ —	\$ 255,713	\$ 283,443
December 31, 2022					
Investments	Level 1	Level 2	Level 3	Non-Published NAV ⁽¹⁾	Total
US equity	\$ —	\$ —	\$ —	\$ 68,729	\$ 68,729
International / Global equity	26,677	—	—	63,827	90,504
Liability hedging	—	—	—	94,823	94,823
Opportunistic	—	—	—	23,903	23,903
Cash and cash equivalents	—	—	—	2,345	2,345
Total investments	\$ 26,677	\$ —	\$ —	\$ 253,627	\$ 280,304
December 31,					
			2023	2022	
Receivables:					
Accrued interest and dividend income			\$ 10,698	\$ 7,703	
Total receivables			\$ 10,698	\$ 7,703	
Liabilities:					
Due to broker for securities purchased			(10,698)	(7,701)	
Total investment in retirement trust			\$ 283,443	\$ 280,306	

⁽¹⁾ The fair value for these investments is determined using Net Asset Value per share (NAV) as of December 31, as a practical expedient, and therefore they are not classified within the fair value hierarchy. These investments primarily consist of institutional investment products, for which the NAV is generally not publicly available.

11. INCOME TAX

The following table provides a reconciliation between income taxes calculated at the statutory federal tax rate and the provision for income taxes reflected in the NW Holdings and NW Natural statements of comprehensive income or loss for December 31:

Dollars in thousands	NW Holdings			NW Natural		
	2023	2022	2021	2023	2022	2021
Income taxes at federal statutory rate	\$ 26,508	\$ 24,241	\$ 22,275	\$ 29,486	\$ 25,746	\$ 22,996
Increase (decrease):						
State income tax, net of federal	10,875	10,139	9,962	11,510	10,504	10,150
Differences required to be flowed-through by regulatory commissions	(3,976)	(4,748)	(4,655)	(3,972)	(4,746)	(4,738)
Other, net	(1,045)	(502)	(176)	(1,352)	(468)	(75)
Total provision for income taxes	\$ 32,362	\$ 29,130	\$ 27,406	\$ 35,672	\$ 31,036	\$ 28,333
Effective tax rate	25.6 %	25.2 %	25.8 %	25.4 %	25.3 %	25.9 %

The NW Holdings and NW Natural effective income tax rates for 2023 compared to 2022 changed primarily as a result of pre-tax income.

The NW Holdings and NW Natural effective income tax rates for 2022 compared to 2021 changed primarily due to lower income tax amortization in 2022 of the 2020 Oregon Corporate Activity Tax (CAT), which was subject to regulatory deferral when it became effective on January 1, 2020 and then amortized in income tax expense as recovery began in late 2020, 2021, and 2022.

The provision for current and deferred income taxes consists of the following at December 31:

In thousands	NW Holdings			NW Natural		
	2023	2022	2021	2023	2022	2021
Current						
Federal	\$ 13,496	\$ 5,172	\$ 6,508	\$ 20,512	\$ 7,442	\$ 7,570
State	9,901	6,551	6,281	12,304	7,307	7,540
Total current income taxes	23,397	11,723	12,789	32,816	14,749	15,110
Deferred						
Federal	5,100	11,124	8,289	591	10,298	7,915
State	3,865	6,283	6,328	2,265	5,989	5,308
Total deferred income taxes	8,965	17,407	14,617	2,856	16,287	13,223
Income tax provision	\$ 32,362	\$ 29,130	\$ 27,406	\$ 35,672	\$ 31,036	\$ 28,333

The following table summarizes the tax effect of significant items comprising NW Holdings and NW Natural's deferred income tax balances recorded at December 31:

In thousands	NW Holdings		NW Natural	
	2023	2022	2023	2022
Deferred tax liabilities:				
Plant and property	\$ 350,802	\$ 326,326	\$ 340,042	\$ 320,121
Leases receivable	35,635	36,873	35,635	36,873
Pension and postretirement obligations	24,830	22,973	24,830	22,973
Income tax regulatory asset	12,939	13,152	12,939	13,152
Lease right of use assets	21,002	21,272	20,849	21,084
Other Intangibles	528	—	—	—
Other	4,432	17,050	4,620	17,314
Total deferred income tax liabilities	450,168	437,646	438,915	431,517
Deferred income tax assets:				
Income tax regulatory liability	46,372	48,270	46,120	48,018
Lease liabilities	21,047	21,306	20,884	21,102
Other intangible assets	—	1,947	—	—
Net operating losses and credits carried forward	76	101	44	44
Total deferred income tax assets	67,495	71,624	67,048	69,164
Total net deferred income tax liabilities	\$ 382,673	\$ 366,022	\$ 371,867	\$ 362,353

At December 31, 2023 and 2022, regulatory income tax assets of \$ 8.0 million and \$ 10.2 million, respectively, were recorded by NW Natural, a portion of which is recorded in current assets. These regulatory income tax assets primarily represent future rate recovery of deferred tax liabilities, resulting from differences in NGD plant financial statement and tax bases and NGD plant removal costs, which were previously flowed through for rate making purposes and to take into account the additional future taxes, which will be generated by that recovery. These deferred tax liabilities, and the associated regulatory income tax assets, are currently being recovered through customer rates. At December 31, 2023 and 2022, regulatory income tax assets of \$ 4.9 million and \$ 2.9 million, respectively, were recorded by NW Natural, representing future recovery of deferred tax liabilities resulting from the equity portion of AFUDC.

At December 31, 2023 and 2022, deferred tax assets of \$ 46.1 million and \$ 48.0 million, respectively, were recorded by NW Natural representing the future income tax benefit associated with the excess deferred income tax regulatory liability recorded as a result of the lower federal corporate income tax rate provided for by the TCJA. At December 31, 2023 and 2022, regulatory liability balances representing the benefit of the change in deferred taxes as a result of the TCJA of \$ 174.2 million and \$ 181.4 million, respectively, were recorded by NW Natural.

NW Holdings and NW Natural assess the available positive and negative evidence to estimate if sufficient taxable income will be generated to utilize their respective existing deferred tax assets. Based upon this assessment, NW Holdings and NW Natural determined that it is more likely than not that all of their respective deferred tax assets recorded as of December 31, 2023 will be realized.

The Company estimates it has net operating loss (NOL) carryforwards of \$ 29 thousand for federal taxes and \$ 29 thousand for state taxes at December 31, 2023. The federal NOLs do not expire and we anticipate fully utilizing the state NOL carryforward balances before they begin to expire in 2040. California alternative minimum tax (AMT) credits of \$ 56 thousand are also available. The AMT credits do not expire.

Uncertain tax positions are accounted for in accordance with accounting standards that require an assessment of the anticipated settlement outcome of material uncertain tax positions taken in a prior year, or planned to be taken in the current year. Until such positions are sustained, the uncertain tax benefits resulting from such positions would not be recognized. No reserves for uncertain tax positions were recorded as of December 31, 2023, 2022, or 2021.

The federal income tax returns for tax years 2019 and earlier are closed by statute. The IRS Compliance Assurance Process (CAP) examination of the 2020 and 2021 tax years have been completed. There were no material changes to these returns as filed. The 2022 and 2023 tax years are currently under IRS CAP examination. The 2024 CAP application has been filed. Under the CAP program, NW Holdings and NW Natural work with the IRS to identify and resolve material tax matters before the tax return is filed each year.

As of December 31, 2023, income tax years 2019 through 2022 remain open for examination by the States of California and Texas. Income tax years 2020 through 2022 are open for examination by the States of Arizona, Idaho, Nebraska, and Oregon.

12. PROPERTY, PLANT, AND EQUIPMENT

The following table sets forth the major classifications of property, plant, and equipment and accumulated depreciation of continuing operations at December 31:

In thousands	2023	2022
NW Natural:		
NGD plant in service	\$ 4,206,455	\$ 3,992,676
NGD construction work in progress	105,166	78,897
Less: Accumulated depreciation	<u>1,159,367</u>	<u>1,115,690</u>
NGD plant, net	<u>3,152,254</u>	<u>2,955,883</u>
Other plant in service	71,175	70,368
Other construction work in progress	10,963	6,606
Less: Accumulated depreciation	<u>22,595</u>	<u>21,541</u>
Other plant, net	<u>59,543</u>	<u>55,433</u>
Total property, plant, and equipment	<u><u>\$ 3,211,797</u></u>	<u><u>\$ 3,011,316</u></u>
Other (NW Holdings):		
Other plant in service	\$ 147,040	\$ 92,979
Other construction work in progress	15,810	20,040
Less: Accumulated depreciation	<u>16,593</u>	<u>9,935</u>
Other plant, net	<u>146,257</u>	<u>103,084</u>
NW Holdings:		
Total property, plant, and equipment	<u><u>\$ 3,358,054</u></u>	<u><u>\$ 3,114,400</u></u>
NW Natural:		
Capital expenditures in accrued liabilities	\$ 24,168	\$ 24,584
NW Holdings:		
Capital expenditures in accrued liabilities	\$ 27,879	\$ 25,318

Accumulated depreciation does not include the accumulated provision for asset removal costs of \$ 496.2 million and \$ 467.7 million at December 31, 2023 and 2022, respectively. These accrued asset removal costs are reflected on the balance sheet as regulatory liabilities. See Note 2.

NW Holdings

Other plant balances include long-lived assets associated with water and wastewater operations and non-regulated activities not held by NW Natural or its subsidiaries.

NW Natural

Other plant balances include non-utility gas storage assets at the Mist facility and other long-lived assets not related to NGD.

The weighted average depreciation rate for NGD assets was 3.0 % in 2023, 2022, and 2021. The weighted average depreciation rate for assets not related to NGD was 1.7 % in 2023 and 1.8 % in 2022 and 2021.

13. INVESTMENTS

Investments include gas reserves, financial investments in life insurance policies, and equity method investments. The following table summarizes other investments at December 31:

In thousands	NW Holdings		NW Natural	
	2023	2022	2023	2022
Investments in life insurance policies	\$ 45,713	\$ 49,358	\$ 45,713	\$ 49,358
Investments in gas reserves, non-current	20,893	22,970	20,893	22,970
Investments in unconsolidated affiliates	36,345	23,376	19,539	7,782
Total other investments	\$ 102,951	\$ 95,704	\$ 86,145	\$ 80,110

Investment in Life Insurance Policies

NW Natural has invested in key person life insurance contracts to provide an indirect funding vehicle for certain long-term employee and director benefit plan liabilities. The amount in the above table is reported at cash surrender value, net of policy loans.

NW Natural Gas Reserves

NW Natural has invested \$ 188 million through the gas reserves program in the Jonah Field located in Wyoming as of December 31, 2023. Gas reserves are stated at cost, net of regulatory amortization, with the associated deferred tax benefits of \$ 4.0 million and \$ 5.2 million, which are recorded as liabilities in the December 31, 2023 and 2022 consolidated balance sheets, respectively. NW Natural's investment is included in NW Holdings' and NW Natural's consolidated balance sheets under other current assets and other investments (non-current portion) with the maximum loss exposure limited to the investment balance. The amount of gas reserves included in other current assets was \$ 2.3 million and \$ 3.4 million as of December 31, 2023 and 2022, respectively. The investment in gas reserves provides long-term price protection and acted to hedge the cost of gas for approximately 3 % and 3 % of NGD gas supplies for the years ended December 31, 2023 and 2022, respectively.

Investments in Unconsolidated Affiliates

In December 2021, NWN Water purchased a 37.3 % ownership stake in Avion Water Company, Inc. (Avion Water), an investor-owned water utility for \$ 14.5 million. In July 2022 and June 2023, NWN Water increased its ownership stake in Avion Water to 43.1 % for an additional \$ 1.0 million in each period. In January 2024, NWN Water increased its ownership stake in Avion Water to 45.6 % for an additional \$ 1.0 million. Avion Water operates in Bend, Oregon and the surrounding communities, serving approximately 15,000 customer connections and employing 35 people. The carrying value of the equity method investment is \$ 8.6 million higher than the underlying equity in the net assets of the investee at December 31, 2023 due to equity method goodwill. Equity in earnings (loss) of Avion Water is included in other income (expense), net.

In 2020, NW Natural began a partnership with BioCarbN to invest in up to four separate renewable natural gas (RNG) development projects that are designed to access biogas derived from water treatment at Tyson Foods' processing plants, subject to approval by all parties. During the construction phase of the projects, NW Natural determined it is the primary beneficiary and fully consolidates each entity. In January 2022, commissioning of the first project, Lexington Renewable Energy LLC (Lexington), was completed. NW Natural determined it was no longer the primary beneficiary, deconsolidated the variable interest entity and recorded the investment in Lexington as an equity method investment. As of December 31, 2023, NW Natural had an investment balance in Lexington of \$ 7.6 million. NW Natural's share in the earnings (loss) of Lexington is included in cost of gas.

In April 2023, commissioning of the second project, Dakota City Renewable Energy LLC (Dakota City), was completed. NW Natural determined it was no longer the primary beneficiary of Dakota City once the project was commissioned. The investment in the variable interest entity was deconsolidated and recorded as an equity method investment. NW Natural accounts for its interest in Dakota City using the equity method of accounting because NW Natural does not control but has the ability to exercise significant influence over Dakota City's operations after commissioning. There was no gain or loss recognized upon deconsolidation. NW Natural determined the fair value of the investment approximated the carrying value which was primarily comprised of cash and property, plant and equipment. As of December 31, 2023, NW Natural had an investment balance in Dakota City of \$ 11.9 million. NW Natural's share in the earnings (loss) of Dakota City is included in cost of gas.

In January 2024, NW Natural replaced BioCarbN as manager of the Lexington and Dakota City projects.

14. BUSINESS COMBINATIONS

2023 Business Combinations

During the year ended December 31, 2023, NWN Water and its subsidiaries acquired the assets of five businesses qualifying as business combinations. The aggregate fair value of the preliminary total consideration transferred for these acquisitions was \$ 22.8 million, most of which was preliminarily allocated to property, plant, and equipment, and goodwill. These transactions align with NW Holdings' water and wastewater sector strategy as it continues to expand its water and wastewater service territories and included:

- Pedersen Family, LLC in Washington
- King Water Corporation in Washington
- Rose Valley Water Company in Arizona
- Hiland Water in Oregon
- Truxton and Cerbat in Arizona

Intangible Assets

In connection with the acquisition of King Water Corporation, NWN Water recorded long-term customer relationship intangible assets totaling \$ 2.6 million, which will be amortized over 24 years. There was no amortization expense recognized in 2023. Projected amortization expense at NW Holdings for customer relationship intangible assets for each of the next five years is \$ 0.1 million in each period. The amortization will change in future periods if other intangible assets are acquired, impairments are recognized or the preliminary valuations as part of our purchase price allocation is refined.

2022 Business Combinations

Far West Water & Sewer, Inc.

On October 5, 2022, NWN Water completed the acquisition of the water and wastewater utilities of Far West Water & Sewer, Inc. (Far West), which has a combined approximately 25,000 connections in Yuma, Arizona. The acquisition-date fair value of the total consideration transferred, after closing adjustments, was approximately \$ 97.0 million, of which \$ 88.4 million was cash consideration transferred at closing, \$ 8.1 million was contingent consideration, and \$ 0.5 million was deferred consideration.

The contingent consideration is an earnout payment in an amount equal to the product of (i) the amount, if any, by which the average annual System Operating Revenue for the 2026, 2027, and 2028 years exceeds \$ 13.0 million (ii) multiplied by 4 but shall not exceed \$ 12.0 million. As of the acquisition date, the contingent consideration had a fair value of \$ 8.1 million and was included in other non-current liabilities. The fair value as of the acquisition date was determined using a scenario-based technique using management's best estimate of forecast revenue for the years 2026, 2027, and 2028 discounted to present value. The inputs to determine the fair value of the contingent consideration include estimated future revenue and a risk-adjusted discount rate. The fair value measurement is based on significant inputs that are not observable in the market and thus represents a fair value measurement categorized within Level 3 of the fair value hierarchy per ASC Topic 820.

The Far West acquisition met the criteria of a business combination, and as such an allocation of the consideration to the acquired net assets based on their estimated fair value as of the acquisition date was performed. In accordance with U.S. GAAP, the fair value determination involves management judgment in determining the significant estimates and assumptions used and was made using existing regulatory conditions for net assets associated with Far West. The acquisition costs were expensed as incurred.

Goodwill of \$ 69.9 million was recognized from this acquisition. The goodwill recognized is attributable to Far West's regulated water utility service territory, experienced workforce, and the strategic benefits for both the water utility and wastewater services expected from growth in its service territory. No intangible assets aside from goodwill were recognized. The amount of goodwill that is expected to be deductible for income tax purposes is approximately \$ 63.3 million.

The purchase price for the acquisition has been allocated to the net assets acquired as of the acquisition date and is as follows:

In thousands	December 31, 2023
Current assets	\$ 1,569
Property, plant and equipment	25,974
Goodwill	69,890
Non-current assets	1,077
Current liabilities	(991)
Non-current liabilities	(9,115)
Total net assets acquired	<hr/> \$ 88,404

The amount of Far West revenues included in NW Holdings' consolidated statements of comprehensive income is \$ 2.9 million for the year ended December 31, 2022. Earnings from Far West activities for the year ended December 31, 2022 were not material to the results of NW Holdings. Far West is referred to as Foothills Utilities following the closure of the acquisition.

Other 2022 Business Combinations

During the year ended December 31, 2022, NWN Water and its subsidiaries acquired the assets of six additional businesses qualifying as business combinations. The aggregate fair value of the consideration transferred for these acquisitions was \$ 8.7 million, most of which was allocated to property, plant and equipment and goodwill. These transactions align with NW Holdings' water and wastewater sector strategy as it continues to expand its water and wastewater service territories and included:

- Belle Oaks Water and Sewer Co., Inc in Texas
- Northwest Water Services, LLC in Washington
- Aquarius Utilities, LLC in Washington
- Valiant Idaho, LLC (The Idaho Club - Sewer) in Idaho
- Caney Creek in Texas
- Water Necessities, Inc. and Rural Water Co. in Texas

2021 Business Combinations

During the year ended December 31, 2021, NWN Water and its subsidiaries completed four acquisitions qualifying as business combinations. The aggregate fair value of the consideration transferred for these acquisitions were not material and are not significant to NW Holdings' results of operations.

Goodwill

NW Holdings allocates goodwill to reporting units based on the expected benefit from the business combination. We perform an annual impairment assessment of goodwill at the reporting unit level, or more frequently if events and circumstances indicate that goodwill might be impaired. An impairment loss is recognized if the carrying value of a reporting unit's goodwill exceeds its fair value.

As a result of all acquisitions completed, total goodwill was \$ 163.3 million as of December 31, 2023 and \$ 149.3 million as of December 31, 2022. The increase in the goodwill balance was primarily due to additions associated with our acquisitions in the water and wastewater sector. All of our goodwill is related to water and wastewater acquisitions and is included in the other category for segment reporting purposes. The annual impairment assessment of goodwill occurs in the fourth quarter of each year. There have been no impairments recognized to date.

15. DERIVATIVE INSTRUMENTS

NW Natural

NW Natural enters into financial derivative contracts to hedge a portion of the NGD segment's natural gas sales requirements. These contracts include swaps, options, and option combinations. These derivative financial instruments are primarily used to manage commodity price variability. A small portion of NW Natural's derivative hedging strategy involves foreign currency forward contracts.

NW Natural enters into these financial derivatives, up to prescribed limits, primarily to hedge price variability related to term physical gas supply contracts. The foreign currency forward contracts are used to hedge the fluctuation in foreign currency exchange rates for pipeline demand charges paid in Canadian dollars.

In the normal course of business, NW Natural also enters into indexed-price physical forward natural gas commodity purchase contracts and options to meet the requirements of NGD customers. These contracts qualify for regulatory deferral accounting treatment.

Notional Amounts

The following table presents the absolute notional amounts related to open positions on NW Natural derivative instruments:

<i>In thousands</i>	<i>At December 31,</i>	
	<i>2023</i>	<i>2022</i>
Natural gas (in therms):		
Financial	948,425	852,435
Physical	571,610	463,254
Foreign exchange	\$ 11,926	\$ 7,617

Purchased Gas Adjustment (PGA)

Rates and hedging approaches may vary between states due to different rate structures and mechanisms. Under the PGA mechanism in Oregon, derivatives entered into by NW Natural for the procurement or hedging of natural gas for future gas years generally receive regulatory deferral accounting treatment. In general, commodity hedging for the current gas year is completed prior to the start of the gas year, and hedge prices are reflected in the weighted-average cost of gas in the PGA filing. Hedge contracts entered into after the start of the PGA period are subject to the PGA incentive sharing mechanism in Oregon. Under the PGA mechanism in Washington, NW Natural incorporates a risk-responsive hedging strategy, and receives regulatory deferral accounting treatment for its Washington gas supplies.

NW Natural entered the 2022-23 gas year with total forecasted sales volumes hedged at approximately 84 %, including 67 % in financial hedges and 17 % in physical gas supplies. The total hedged was approximately 85 % in Oregon and 79 % in Washington. NW Natural entered the 2023-24 gas year with total forecasted sales volume hedged at approximately 82 %, including 66 % in financial hedges and 16 % in physical gas supplies. The total hedged was approximately 85 % in Oregon and 55 % in Washington.

Unrealized and Realized Gain/Loss

The following table reflects the income statement presentation for the unrealized gains and losses from NW Natural's derivative instruments:

In thousands	December 31, 2023		December 31, 2022	
	Natural gas commodity	Foreign exchange	Natural gas commodity	Foreign exchange
Benefit (expense) to cost of gas	\$ (131,833)	\$ 168	\$ 119,935	\$ (165)
Operating revenues (expense)	—	—	—	—
Amounts deferred to regulatory accounts on balance sheet	131,833	(168)	(119,935)	165
Total gain (loss) in pre-tax earnings	\$ —	\$ —	\$ —	\$ —

Unrealized Gain/Loss

Outstanding derivative instruments related to regulated NGD operations are deferred in accordance with regulatory accounting standards. The cost of foreign currency forward and natural gas derivative contracts are recognized immediately in the cost of gas; however, costs above or below the amount embedded in the current year PGA are subject to a regulatory deferral tariff and therefore, are recorded as a regulatory asset or liability.

Realized Gain/Loss

NW Natural realized a net gain of \$125.5 million and \$107.8 million for the years ended December 31, 2023 and 2022, respectively, from the settlement of natural gas financial derivative contracts. Realized gains and losses offset the higher or lower cost of gas purchased, resulting in no incremental amounts to collect or refund to customers.

Credit Risk Management of Financial Derivatives Instruments

No collateral was posted with or by NW Natural counterparties as of December 31, 2023 or 2022. NW Natural attempts to minimize the potential exposure to collateral calls by diversifying counterparties and using credit limits to manage liquidity risk. Counterparties generally allow a certain credit limit threshold before requiring NW Natural to post collateral against unrealized loss positions. Given NW Natural's credit ratings, counterparty credit limits and portfolio diversification, it was not subject to collateral calls in 2023 or 2022. The collateral call exposure is set forth under credit support agreements, which generally contain credit limits. NW Natural could also be subject to collateral call exposure where it has agreed to provide adequate assurance, which is not specific as to the amount of credit limit allowed, but could potentially require additional collateral posting by NW Natural in the event of a material adverse change.

NW Natural's financial derivative instruments are subject to master netting arrangements; however, they are presented on a gross basis in the consolidated balance sheets. NW Natural and its counterparties have the ability to set-off obligations to each other under specified circumstances. Such circumstances may include a defaulting party, a credit change due to a merger affecting either party, or any other termination event.

If netted by counterparty, NW Natural's physical and financial derivative position would result in an asset of \$ 9.0 million and a liability of \$ 124.2 million as of December 31, 2023, and an asset of \$ 153.3 million and a liability of \$ 3.6 million as of December 31, 2022.

NW Natural is exposed to derivative credit and liquidity risk primarily through securing fixed-price natural gas commodity swaps and interest rate swaps with financial counterparties. NW Natural utilizes master netting arrangements with International Swaps and Derivatives Association (ISDA) contracts to minimize these risks including ISDA Credit Support Agreements with counterparties based on their credit ratings. Additionally, NW Natural uses counterparty, industry, sector and country diversification to minimize credit risk. In certain cases, NW Natural may require counterparties to post collateral, guarantees, or letters of credit to maintain its minimum credit requirement standards or for liquidity management purposes.

NW Natural's financial derivatives policy requires counterparties to have an investment-grade credit rating at the time the derivative instrument is entered into, and specifies limits on the contract amount and duration based on each counterparty's credit rating. NW Natural does not speculate in derivatives. Derivatives are used to manage NW Natural's market risk and we hedge exposure above risk tolerance limits. It is required that increases in market risk created by the use of derivatives is offset by the exposures they modify.

We actively monitor NW Natural's derivative credit exposure and place counterparties on hold for trading purposes or require other forms of credit assurance, such as letters of credit, cash collateral, or guarantees as circumstances warrant. The ongoing assessment of counterparty credit risk includes consideration of credit ratings, credit default swap spreads, bond market credit spreads, financial conditions, government actions, and market news. A Monte Carlo simulation model is used to estimate the

change in credit and liquidity risk from the volatility of natural gas prices. The results of the model are used to establish trading limits. NW Natural's outstanding financial derivatives at December 31, 2023 mature by November 1, 2026.

We could become materially exposed to credit risk with one or more of our counterparties if natural gas prices experience a significant increase. If a counterparty were to become insolvent or fail to perform on its obligations, we could suffer a material loss; however, we would expect such a loss to be eligible for regulatory deferral and rate recovery, subject to a prudence review. All of our existing counterparties currently have investment-grade credit ratings.

Fair Value

In accordance with fair value accounting, NW Natural includes non-performance risk in calculating fair value adjustments. This includes a credit risk adjustment based on the credit spreads of NW Natural counterparties when in an unrealized gain position, or on NW Natural's own credit spread when it is in an unrealized loss position. The inputs in our valuation models include natural gas futures, volatility, credit default swap spreads, and interest rates. Additionally, the assessment of non-performance risk is generally derived from the credit default swap market and from bond market credit spreads. The impact of the credit risk adjustments for all financial derivatives outstanding to the fair value calculation was \$ 0.7 million at December 31, 2023. As of December 31, 2023 and 2022, the net fair value was a liability of \$ 115.2 million and an asset of \$ 149.7 million, respectively, using significant other observable, or Level 2, inputs. No Level 3 inputs were used in our derivative valuations during the years ended December 31, 2023 and 2022.

NW Holdings

NW Holdings and NWN Water entered into interest rate swap agreements with major financial institutions that effectively converted variable-rate debt to a fixed rate. Interest payments made between the effective date and expiration date are hedged by the swap agreements. The notional amount, effective date, expiration date and benchmark rate of the swap agreements are shown in the table below:

<i>In millions</i>	Notional Amount	Effective Date	Expiration Date	Fixed Rate
NW Holdings	\$ 100.0	1/17/2023	3/15/2024	4.7 %
NWN Water	\$ 55.0	1/19/2023	6/10/2026	3.8 %

Unrealized gains and losses related to these interest rate swap agreements are recorded in AOCI on the consolidated balance sheet and totaled \$ 0.2 million and \$ 0.1 million, net of tax, as of December 31, 2023 and 2022, respectively. There were no amounts reclassified from AOCI to net income during the year ended December 31, 2023 and 2022.

16. COMMITMENTS AND CONTINGENCIES

Gas Purchase Agreements

NW Natural enters into short-term and long-term physical baseload gas purchase agreements. The majority of our gas purchase agreements include year-round, winter-only, summer-only, and monthly purchases.

Pipeline Capacity Purchase and Release Commitments

NW Natural has signed agreements providing for the reservation of firm pipeline capacity under which it is required to make monthly payments for contracted capacity. The pricing component of the monthly payment is established, subject to change, by U.S. or Canadian regulatory bodies, or is established directly with private counterparties, as applicable. In addition, NW Natural has entered into long-term agreements to release firm pipeline capacity. The parties that we release this capacity to make payments directly to the related pipelines.

The aggregate amounts of these agreements at NW Natural were as follows at December 31, 2023:

In thousands	Gas Purchase Agreements ⁽¹⁾	Purchase Agreements	Pipeline Capacity	Pipeline Capacity
2024	\$ 303,682	\$ 78,907	\$ 7,543	
2025	34,457	81,114	3,455	
2026	34,586	66,972	—	
2027	33,830	67,123	—	
2028	33,980	63,812	—	
Thereafter	208,426	377,175	—	
Total	648,961	735,103	10,998	
Less: Amount representing interest	96,491	183,620	373	
Total at present value	<u>\$ 552,470</u>	<u>\$ 551,483</u>	<u>\$ 10,625</u>	

⁽¹⁾ Gas purchase agreements include environmental attributes of RNG.

Total fixed charges under capacity purchase agreements were \$ 87.0 million for 2023, \$ 90.2 million for 2022, and \$ 82.9 million for 2021, of which \$ 8.2 million, \$ 8.3 million, and \$ 7.7 million, respectively, related to capacity releases which third parties paid directly to the related pipelines. In addition, per-unit charges are required to be paid based on the actual quantities shipped under the agreements. In certain take-or-pay purchase commitments, annual deficiencies may be offset by prepayments subject to recovery over a longer term if future purchases exceed the minimum annual requirements.

Leases

Refer to Note 7 for a discussion of lease commitments and contingencies.

Environmental Matters

Refer to Note 17 for a discussion of environmental commitments and contingencies.

17. ENVIRONMENTAL MATTERS

NW Natural owns, or previously owned, properties that may require environmental remediation or action. The range of loss for environmental liabilities is estimated based on current remediation technology, enacted laws and regulations, industry experience gained at similar sites, and an assessment of the probable level of involvement and financial condition of other potentially responsible parties (PRPs). When amounts are prudently expended related to site remediation of those sites described herein, NW Natural has recovery mechanisms in place to collect 96.7 % of remediation costs allocable to Oregon customers and 3.3 % of costs allocable to Washington customers.

These sites are subject to the remediation process prescribed by the Environmental Protection Agency (EPA) and the Oregon Department of Environmental Quality (ODEQ). The process begins with a remedial investigation (RI) to determine the nature and extent of contamination and then a risk assessment (RA) to establish whether the contamination at the site poses unacceptable risks to humans and the environment. Next, a feasibility study (FS) or an engineering evaluation/cost analysis (EE/CA) evaluates various remedial alternatives. It is at this point in the process when NW Natural is able to estimate a range of remediation costs and record a reasonable potential remediation liability, or make an adjustment to the existing liability. From this study, the regulatory agency selects a remedy and issues a Record of Decision (ROD). After a ROD is issued, NW Natural would seek to negotiate a consent decree or consent judgment for designing and implementing the remedy. NW Natural would have the ability to further refine estimates of remediation liabilities based upon an approved remedial design.

Remediation may include treatment of contaminated media such as sediment, soil and groundwater, removal and disposal of media, institutional controls such as legal restrictions on future property use, or natural recovery. Following construction of the remedy, the EPA and ODEQ also have requirements for ongoing maintenance, monitoring and other post-remediation care that may continue for many years. Where appropriate and reasonably known, NW Natural will provide for these costs in the remediation liabilities described below.

Due to the numerous uncertainties surrounding the course of environmental remediation and the preliminary nature of several site investigations, in some cases, NW Natural may not be able to reasonably estimate the high end of the range of possible loss. In those cases, the nature of the possible loss has been disclosed, as has the fact that the high end of the range cannot be reasonably estimated where a range of potential loss is available. Unless there is an estimate within the range of possible losses that is more likely than other cost estimates within that range, NW Natural records the liability at the low end of this range. It is likely changes in these estimates and ranges will occur throughout the remediation process for each of these sites due to the continued evaluation and clarification concerning responsibility, the complexity of environmental laws and regulations and the determination by regulators of remediation alternatives. In addition to remediation costs, NW Natural could also be subject to

Natural Resource Damages (NRD) claims. NW Natural will assess the likelihood and probability of each claim and recognize a liability if deemed appropriate. Refer to "Other Portland Harbor" below.

Environmental Sites

The following table summarizes information regarding liabilities related to environmental sites, which are recorded in other current liabilities and other noncurrent liabilities in NW Natural's balance sheet at December 31:

In thousands	Current Liabilities		Non-Current Liabilities	
	2023	2022	2023	2022
Portland Harbor site:				
Gasco/Siltronic Sediments	\$ 12,428	\$ 9,744	\$ 42,550	\$ 42,120
Other Portland Harbor	3,035	2,634	11,270	11,270
Gasco/Siltronic Upland site	16,304	16,067	34,235	35,457
Front Street site	687	457	939	879
Oregon Steel Mills	—	—	179	179
Total	\$ 32,454	\$ 28,902	\$ 89,173	\$ 89,905

Portland Harbor Site

The Portland Harbor is an EPA listed Superfund site that is approximately 10 miles long on the Willamette River and is adjacent to NW Natural's Gasco uplands site. NW Natural is one of over one hundred PRPs, each jointly and severally liable, at the Superfund site. In January 2017, the EPA issued its Record of Decision, which selects the remedy for the clean-up of the Portland Harbor site (Portland Harbor ROD). The Portland Harbor ROD estimates the present value total cost at approximately \$ 1.05 billion with an accuracy between - 30 % and + 50 % of actual costs.

NW Natural's potential liability is a portion of the costs of the remedy for the entire Portland Harbor Superfund site. The cost of that remedy is expected to be allocated among more than one hundred PRPs. NW Natural is participating in a non-binding allocation process with other PRPs in an effort to resolve its potential liability. The Portland Harbor ROD does not provide any additional clarification around allocation of costs among PRPs; accordingly, NW Natural has not modified any of the recorded liabilities at this time as a result of the issuance of the Portland Harbor ROD.

NW Natural manages its liability related to the Superfund site as two distinct remediation projects, the Gasco Sediments Site and Other Portland Harbor projects.

GASCO SEDIMENTS. In 2009, NW Natural and Siltronic Corporation entered into a separate Administrative Order on Consent with the EPA to evaluate and design specific remedies for sediments adjacent to the Gasco uplands and Siltronic uplands sites. NW Natural submitted a draft EE/CA to the EPA in May 2012 to provide the estimated cost of potential remedial alternatives for this site. In March 2020, NW Natural and the EPA amended the Administrative Order on Consent to include additional remedial design activities downstream of the Gasco sediments site and in the navigation channel. Siltronic Corporation is not a party to the amended order. NW Natural is completing pre-design studies and has submitted a draft Basis of Design Report. These preliminary design steps do not include a cost estimate for cleanup. No remedial design is more likely than the EE/CA alternatives at this time, and NW Natural expects further design discussion and iteration with the EPA.

The estimated costs for the various sediment remedy alternatives in the draft EE/CA for the additional studies and design work needed before the cleanup can occur, and for regulatory oversight throughout the cleanup range from \$ 55.0 million to \$ 350 million. NW Natural has recorded a liability of \$ 55.0 million for the Gasco sediment clean-up, which reflects the low end of the range. At this time, we believe sediments at the Gasco sediments site represent the largest portion of NW Natural's liability related to the Portland Harbor site discussed above.

In September 2023, the EPA approved the In Situ Stabilization and Solidification (ISS) Work Plan for the ISS field pilot study, which was successfully completed during the fall of 2023. Information obtained from the pilot study will be used to support remedial design of the Gasco sediments project.

OTHER PORTLAND HARBOR. While we believe liabilities associated with the Gasco sediments site represent NW Natural's largest exposure, there are other potential exposures associated with the Portland Harbor ROD, including NRD costs and harborwide remedial design and cleanup costs (including downstream petroleum contamination), for which allocations among the PRPs have not yet been determined.

NW Natural and other parties have signed a cooperative agreement with the Portland Harbor Natural Resource Trustee council to participate in a phased NRD assessment to estimate liabilities to support an early restoration-based settlement of NRD claims. One member of this Trustee council, the Yakama Nation, withdrew from the council in 2009, and in 2017, filed suit against NW Natural and 29 other parties seeking remedial costs and NRD assessment costs associated with the Portland Harbor site, set forth in the complaint. The complaint seeks recovery of alleged costs totaling \$ 0.3 million in connection with the selection of a

remedial action for the Portland Harbor site as well as declaratory judgment for unspecified future remedial action costs and for costs to assess the injury, loss or destruction of natural resources resulting from the release of hazardous substances at and from the Portland Harbor site. The Yakama Nation has filed two amended complaints addressing certain pleading defects and dismissing the State of Oregon. On the motion of NW Natural and certain other defendants the federal court has stayed the case pending the outcome of the non-binding allocation proceeding discussed above. NW Natural has recorded a liability for NRD claims which is at the low end of the range of the potential liability; the high end of the range cannot be reasonably estimated at this time. The NRD liability is not included in the aforementioned range of costs provided in the Portland Harbor ROD.

Gasco Uplands Site

A predecessor of NW Natural, Portland Gas and Coke Company, owned a former gas manufacturing plant that was closed in 1958 (Gasco site) and is adjacent to the Portland Harbor site described above. The Gasco site has been under investigation by NW Natural for environmental contamination under the ODEQ Voluntary Cleanup Program (VCP). It is not included in the range of remedial costs for the Portland Harbor site noted above. The Gasco site is managed in two parts, the uplands portion and the groundwater source control action.

NW Natural submitted a revised Remedial Investigation Report for the uplands to ODEQ in May 2007. In March 2015, ODEQ approved the Risk Assessment (RA) for this site, enabling commencement of work on the FS in 2016. A draft FS is currently anticipated to be submitted in 2024. NW Natural has recognized a liability for the remediation of the uplands portion of the site which is at the low end of the range of potential liability; the high end of the range cannot be reasonably estimated at this time.

In October 2016, ODEQ and NW Natural agreed to amend their VCP agreement for the Gasco uplands to incorporate a portion of the Siltronic property formerly owned by Portland Gas & Coke between 1939 and 1960 into the Gasco RA and FS. Previously, NW Natural was conducting an investigation of manufactured gas plant constituents on the entire Siltronic uplands for ODEQ. Siltronic will be working with ODEQ directly on environmental impacts to the remainder of its property.

In September 2013, NW Natural completed construction of a groundwater source control system, including a water treatment station, at the Gasco site. NW Natural has estimated the cost associated with the ongoing operation of the system and has recognized a liability which is at the low end of the range of potential cost. NW Natural cannot estimate the high end of the range at this time due to the uncertainty associated with the duration of running the water treatment station, which is highly dependent on the remedy determined for both the upland portion as well as the final remedy for the Gasco sediments site.

Other Sites

In addition to those sites above, NW Natural has environmental exposures at three other sites: Central Service Center, Front Street and Oregon Steel Mills. NW Natural may have exposure at other sites that have not been identified at this time. Due to the uncertainty of the design of remediation, regulation, timing of the remediation and in the case of the Oregon Steel Mills site, pending litigation, liabilities for each of these sites have been recognized at their respective low end of the range of potential liability; the high end of the range could not be reasonably estimated at this time.

FRONT STREET SITE. The Front Street site was the former location of a gas manufacturing plant NW Natural operated (the former Portland Gas Manufacturing site, or PGM). At ODEQ's request, NW Natural conducted a sediment and source control investigation and provided findings to ODEQ. In December 2015, an FS on the former Portland Gas Manufacturing site was completed.

In July 2017, ODEQ issued the PGM ROD. The ROD specifies the selected remedy, which requires a combination of dredging, capping, treatment, and natural recovery. In addition, the selected remedy also requires institutional controls and long-term inspection and maintenance. Construction of the remedy began in July 2020 and was completed in October 2020. The first year of post-construction monitoring was completed in 2021 and demonstrated that the cap was intact and performing as designed. NW Natural has recognized an additional liability of \$ 1.6 million for costs associated with the discovery during construction of World War II-era munitions, design costs, regulatory and permitting issues, and post-construction work.

OREGON STEEL MILLS SITE. Refer to "Legal Proceedings," below.

Environmental Cost Deferral and Recovery

NW Natural has authorizations in Oregon and Washington to defer costs related to remediation of properties that are owned or were previously owned by NW Natural. In Oregon, a Site Remediation and Recovery Mechanism (SRRM) is currently in place to recover prudently incurred costs allocable to Oregon customers, subject to an earnings test. On October 21, 2019 the WUTC authorized an Environmental Cost Recovery Mechanism (ECRM) for recovery of prudently incurred costs allocable to Washington customers beginning November 1, 2019.

The following table presents information regarding the total regulatory asset deferred as of December 31:

In thousands	2023	2022
Deferred costs and interest ⁽¹⁾	\$ 57,758	\$ 47,666
Accrued site liabilities ⁽²⁾	121,575	118,763
Insurance proceeds and interest	(50,764)	(54,784)
Total regulatory asset deferral ⁽¹⁾	<u>128,569</u>	<u>111,645</u>
Current regulatory assets ⁽³⁾	9,950	7,392
Long-term regulatory assets ⁽³⁾	118,619	104,253

⁽¹⁾ Includes pre-review and post-review deferred costs, amounts currently in amortization, and interest, net of amounts collected from customers.

⁽²⁾ Excludes 3.3 % of the Front Street site liability as the OPUC only allows recovery of 96.7 % of costs for those sites allocable to Oregon, including those that historically served only Oregon customers. Amounts excluded from regulatory assets were \$ 53 thousand in 2023 and \$ 43 thousand in 2022.

⁽³⁾ Environmental costs relate to specific sites approved for regulatory deferral by the OPUC and WUTC. In Oregon, NW Natural earns a carrying charge on cash amounts paid, whereas amounts accrued but not yet paid do not earn a carrying charge until expended. It also accrues a carrying charge on insurance proceeds for amounts owed to customers. In Washington, neither the cash paid nor insurance proceeds received accrue a carrying charge. Current environmental costs represent remediation costs management expects to collect from customers in the next 12 months. Amounts included in this estimate are still subject to a prudence and earnings test review by the OPUC and do not include the \$ 5.0 million tariff rider. The amounts allocable to Oregon are recoverable through NGD rates, subject to an earnings test. See "Oregon SRRM" below.

Oregon SRRM

Collections From Oregon Customers

Under the SRRM collection process, there are three types of deferred environmental remediation expense:

- Pre-review - This class of costs represents remediation spend that has not yet been deemed prudent by the OPUC. Carrying costs on these remediation expenses are recorded at NW Natural's authorized cost of capital. NW Natural anticipates the prudence review for annual costs and approval of the earnings test prescribed by the OPUC to occur by the third quarter of the following year.
- Post-review - This class of costs represents remediation spend that has been deemed prudent and allowed after applying the earnings test, but is not yet included in amortization. NW Natural earns a carrying cost on these amounts at a rate equal to the five-year treasury rate plus 100 basis points.
- Amortization - This class of costs represents amounts included in current customer rates for collection and is generally calculated as one-fifth of the post-review deferred balance. NW Natural earns a carrying cost equal to the amortization rate determined annually by the OPUC, which approximates a short-term borrowing rate.

In addition to the collection amount noted above, an order issued by the OPUC provides for the annual collection of \$ 5.0 million from Oregon customers through a tariff rider. As NW Natural collects amounts from customers, it recognizes these collections as revenue and separately amortizes an equal and offsetting amount of its deferred regulatory asset balance through the environmental remediation operating expense line shown separately in the operating expense section of the income statement.

NW Natural received total environmental insurance proceeds of approximately \$ 150 million as a result of settlements from litigation that was dismissed in July 2014. Under a 2015 OPUC order which established the SRRM, one-third of the Oregon allocated proceeds were applied to costs deferred through 2012 with the remaining two-thirds applied to costs at a rate of \$ 5.0 million per year plus interest over the following 20 years. NW Natural accrues interest on the Oregon allocated insurance proceeds in the customer's favor at a rate equal to the five-year treasury rate plus 100 basis points. As of December 31, 2023, NW Natural has applied \$ 100.7 million of insurance proceeds to prudently incurred remediation costs allocated to Oregon.

Environmental Earnings Test

To the extent NW Natural earns at or below its authorized Return on Equity (ROE) as defined by the SRRM, remediation expenses and interest in excess of the \$ 5.0 million tariff rider and \$ 5.0 million insurance proceeds are recoverable through the SRRM. To the extent NW Natural earns more than its authorized ROE in a year, it is required to cover environmental expenses and interest on expenses greater than the \$ 10.0 million with those earnings that exceed its authorized ROE.

Washington ECRM

Washington Deferral

On October 21, 2019, the WUTC issued an order (WUTC Order) establishing the ECRM which allows for recovery of past deferred and future prudently incurred environmental remediation costs allocable to Washington customers through application of insurance proceeds and collections from customers. Environmental remediation expenses relating to sites that previously served both Oregon and Washington customers are allocated between states with Washington customers receiving 3.3 % percent of the costs and insurance proceeds.

In accordance with the WUTC Order, insurance proceeds were fully applied to costs incurred between December 2018 and June 2019 that were deemed prudent. Remaining insurance proceeds will be amortized over a 10.5 year period ending December 31.

2029. As of December 31, 2023, approximately \$ 3.9 million of proceeds have been applied to prudently incurred costs.

On an annual basis, NW Natural files for a prudence determination and a request to amortize costs to the extent that remediation expenses exceed the insurance amortization. After insurance proceeds are fully amortized, if in a particular year the request to collect deferred amounts exceeds one percent of Washington normalized revenues, then the excess will be collected over three years with interest.

Legal Proceedings

NW Holdings is not currently party to any direct claims or litigation, though in the future it may be subject to claims and litigation arising in the ordinary course of business.

NW Natural is subject to claims and litigation arising in the ordinary course of business, including the matters discussed above. Although the final outcome of any of these legal proceedings cannot be predicted with certainty, including the matter relating to the Oregon Steel Mills site referenced below, NW Natural and NW Holdings do not expect that the ultimate disposition of any of these matters will have a material effect on their financial condition, results of operations, or cash flows. See also Part II, Item 1, "Legal Proceedings".

Oregon Steel Mills Site

In 2004, NW Natural was served with a third-party complaint by the Port of Portland (the Port) in a Multnomah County Circuit Court case, Oregon Steel Mills, Inc. v. The Port of Portland. The Port alleges that in the 1940s and 1950s petroleum wastes generated by NW Natural's predecessor, Portland Gas & Coke Company, and 10 other third-party defendants, were disposed of in a waste oil disposal facility operated by the United States or Shaver Transportation Company on property then owned by the Port and now owned by Evraz Oregon Steel Mills. The complaint seeks contribution for unspecified past remedial action costs incurred by the Port regarding the former waste oil disposal facility as well as a declaratory judgment allocating liability for future remedial action costs. No date has been set for trial. In August 2017, the case was stayed pending the outcome of the Portland Harbor allocation process or other mediation. Although the final outcome of this proceeding cannot be predicted with certainty, NW Natural and NW Holdings do not expect the ultimate disposition of this matter will have a material effect on NW Natural's or NW Holdings' financial condition, results of operations, or cash flows.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF NORTHWEST NATURAL HOLDING COMPANY

NORTHWEST NATURAL HOLDING COMPANY
 CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
 (PARENT COMPANY ONLY)

<i>In thousands</i>	Year Ended December 31,		
	2023	2022	2021
Operating expenses:			
Operations and maintenance	\$ 5,145	\$ 3,828	\$ 4,837
Total operating expenses	<u>5,145</u>	<u>3,828</u>	<u>4,837</u>
Loss from operations	(5,145)	(3,828)	(4,837)
Earnings from investment in subsidiaries, net of tax	106,267	92,727	83,072
Other income (expense), net	(1,156)	60	(143)
Interest expense, net	<u>10,022</u>	<u>4,967</u>	<u>982</u>
Income before income taxes	89,944	83,992	77,110
Income tax benefit	(3,924)	(2,311)	(1,556)
Net income	93,868	86,303	78,666
Other comprehensive income (loss) from subsidiaries, net of tax	(868)	5,108	1,498
Unrealized gain on interest rate swap, net of tax	104	11	—
Comprehensive income	<u>\$ 93,104</u>	<u>\$ 91,422</u>	<u>\$ 80,164</u>

See Notes to Condensed Financial Statements

NORTHWEST NATURAL HOLDING COMPANY
 CONDENSED BALANCE SHEETS
 (PARENT COMPANY ONLY)

	As of December 31,	
	2023	2022
<i>In thousands</i>		
Assets:		
Current assets:		
Cash and cash equivalents	\$ 1,011	\$ 7,280
Receivables from affiliates	15,596	9,967
Other current assets	4,160	2,895
Total current assets	<u>20,767</u>	<u>20,142</u>
Non-current assets:		
Investments in subsidiaries	1,456,449	1,357,599
Other investments	32	14
Deferred tax assets	513	520
Other non-current assets	367	486
Total non-current assets	<u>1,457,361</u>	<u>1,358,619</u>
Total assets	<u><u>\$ 1,478,128</u></u>	<u><u>\$ 1,378,761</u></u>
Liabilities and equity:		
Current liabilities:		
Short-term debt	\$ 73,000	\$ 88,000
Current maturities of long-term debt	99,992	—
Accounts payable	968	402
Payables to affiliates	19,897	14,665
Other current liabilities	433	295
Total current liabilities	<u>194,290</u>	<u>103,362</u>
Long-term debt		
Total equity	—	99,958
Total liabilities and equity	<u><u>\$ 1,283,838</u></u>	<u><u>1,175,441</u></u>
	<u><u>\$ 1,478,128</u></u>	<u><u>\$ 1,378,761</u></u>

See Notes to Condensed Financial Statements

NORTHWEST NATURAL HOLDING COMPANY
 CONDENSED STATEMENTS OF CASH FLOWS
 (PARENT COMPANY ONLY)

In thousands	Year Ended December 31,		
	2023	2022	2021
Operating activities:			
Net income	\$ 93,868	\$ 86,303	\$ 78,666
Adjustments to reconcile net income to cash used in operations:			
Equity in earnings of subsidiaries, net of tax	(106,267)	(92,727)	(83,072)
Cash dividends received from subsidiaries	92,375	62,710	56,057
Deferred income taxes	(31)	(141)	(212)
Other	164	142	119
Changes in assets and liabilities:			
Receivables from affiliates	(5,629)	(7,787)	12,558
Income and other taxes	(491)	8,161	1,299
Accounts payable	6,314	(2,499)	3,342
Interest accrued	103	156	57
Other, net	(380)	(211)	(313)
Cash provided by operating activities	80,026	54,107	68,501
Investing activities:			
Contributions to subsidiaries	(76,310)	(241,497)	(142,405)
Return of capital from subsidiaries	3,350	—	26,000
Cash used in investing activities	(72,960)	(241,497)	(116,405)
Financing activities:			
Proceeds from common stock issued, net	66,495	208,561	17,501
Long-term debt issued	—	100,000	—
Changes in other short-term debt, net	(15,000)	(56,000)	71,000
Cash dividend payments on common stock	(67,340)	(62,771)	(55,919)
Other	2,510	4,615	4,320
Cash (used in) provided by financing activities	(13,335)	194,405	36,902
(Decrease) increase in cash and cash equivalents	(6,269)	7,015	(11,002)
Cash, cash equivalents and restricted cash, beginning of period	7,280	265	11,267
Cash, cash equivalents and restricted cash, end of period	\$ 1,011	\$ 7,280	\$ 265

See Notes to Condensed Financial Statements

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

NW Holdings is an energy services holding company that conducts substantially all of its business operations through its subsidiaries, particularly NW Natural. These condensed financial statements and related footnotes have been prepared in accordance with Rule 12-04, Schedule I of Regulation S-X. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto of NW Holdings included in Item 8 of this Form 10-K. NW Holdings' wholly-owned subsidiaries are recorded based upon its proportionate share of the subsidiaries' net assets (similar to presenting them on the equity method).

Equity earnings of subsidiaries including earnings from NW Natural were \$ 106.3 million, \$ 92.7 million, and \$ 83.1 million for the years ended December 31, 2023, 2022, and 2021 respectively.

There were \$ 95.7 million, \$ 62.7 million and \$ 82.1 million of cash dividends paid to NW Holdings from wholly-owned subsidiaries for the years ended December 31, 2023, 2022 and 2021, respectively.

2. DEBT

For information concerning NW Holdings' debt obligations, see Note 9 to the consolidated financial statements included in Item 8 of this report.

NORTHWEST NATURAL HOLDING COMPANY
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
		Additions	Deductions		
<i>In thousands (year ended December 31)</i>	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Net write-offs	Balance at end of period
2023					
Reserves deducted in balance sheet from assets to which they apply:					
Allowance for uncollectible accounts	\$ 3,296	\$ 2,869	\$ 263	\$ 2,973	\$ 3,455
2022					
Reserves deducted in balance sheet from assets to which they apply:					
Allowance for uncollectible accounts	\$ 2,018	\$ 1,081	\$ 1,810	\$ 1,613	\$ 3,296
2021					
Reserves deducted in balance sheet from assets to which they apply:					
Allowance for uncollectible accounts	\$ 3,219	\$ 724	\$ (219)	\$ 1,706	\$ 2,018

NORTHWEST NATURAL GAS COMPANY
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
		Additions	Deductions		
<i>In thousands (year ended December 31)</i>	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Net write-offs	Balance at end of period
2023					
Reserves deducted in balance sheet from assets to which they apply:					
Allowance for uncollectible accounts	\$ 3,079	\$ 2,859	\$ 263	\$ 2,973	\$ 3,228
2022					
Reserves deducted in balance sheet from assets to which they apply:					
Allowance for uncollectible accounts	\$ 1,962	\$ 920	\$ 1,810	\$ 1,613	\$ 3,079
2021					
Reserves deducted in balance sheet from assets to which they apply:					
Allowance for uncollectible accounts	\$ 3,107	\$ 780	\$ (219)	\$ 1,706	\$ 1,962

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

NW Holdings and NW Natural management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, completed an evaluation of the effectiveness of the design and operation of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer of each registrant have concluded that, as of the end of the period covered by this report, disclosure controls and procedures were effective to ensure that information required to be disclosed by each such registrant and included in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission (SEC) rules and forms and that such information is accumulated and communicated to management of each registrant, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

NW Holdings and NW Natural management are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rule 13a-15(f). There have been no changes in NW Holdings' or NW Natural's internal control over financial reporting during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting for NW Holdings and NW Natural. The statements contained in Exhibit 31.1, Exhibit 31.2, Exhibit 31.3, and Exhibit 31.4 should be considered in light of, and read together with, the information set forth in this Item 9(a).

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The "Information Concerning Nominees and Continuing Directors" and "Corporate Governance" contained in NW Holdings' definitive Proxy Statement for the 2024 Annual Meeting of Shareholders is hereby incorporated by reference. The following are officers of NW Natural, unless indicated otherwise.

EXECUTIVE OFFICERS

Name	Age at Dec. 31, 2023	Positions held during last five years ⁽¹⁾
David H. Anderson*	62	Chief Executive Officer (2023-); President and Chief Executive Officer ⁽²⁾ (2016-2023); Chief Operating Officer and President (2015-2016); Executive Vice President and Chief Operating Officer (2014-2015); Executive Vice President Operations and Regulation (2013-2014); Senior Vice President and Chief Financial Officer (2004-2013).
Frank H. Burkhartsmeier*	59	Senior Vice President and Chief Financial Officer ⁽²⁾⁽³⁾ (2017- 2023); Executive Vice President, Strategy and Business Development (2023); President and Chief Executive Officer of Renewables, Avangrid Renewables (2015-2017); Senior Vice President of Finance, Iberdrola Renewables Holdings, Inc. (2012-2015).
James R. Downing	54	Vice President and Chief Information Officer (2017-); Chief Information Officer, WorleyParsons (America's Division) (2016-2017); Executive Service Delivery Manager for SAP, British Petroleum (2011-2015).
Shawn M. Filippi*	51	Vice President, Chief Compliance Officer and Corporate Secretary ⁽²⁾ (2016-); Vice President and Corporate Secretary (2015-2016); Senior Legal Counsel (2011-2014); Assistant Corporate Secretary (2010-2014).
Jon G. Huddleston	61	Vice President, Engineering and Utility Operations (2018- 2023); Senior Director, Utility Operations (2014-2018); Director, Utility Operations (2013-2014); Process Director (2007-2013).
Joseph S. Karney	45	Vice President, Engineering and Utility Operations (2023-); Senior Director, Utility Operations (2021-2023); Senior Engineering Director (2019-2021); Engineering Director (2017-2019); Compliance Senior Manager (2015-2017).
Zachary D. Kravitz	40	Vice President, Rates and Regulatory (2022-); Senior Director, Rates and Regulatory (2021-2022); Director, Rates and Regulatory (2018-2021); Regulatory Attorney (2014-2018).
Justin B. Palfreyman*	45	President (2023-); President, NW Natural RNG Holding Company, LLC (2021-); Senior Vice President, Strategy and Business Development, NW Natural Gas Company (2023); Vice President, Strategy and Business Development (2017-2023); President, NW Natural Water, LLC (2018-); Vice President, Business Development (2016-2017); Director, Power, Energy and Infrastructure Group, Lazard, Frères & Co. (2009-2016).
Melinda B. Rogers	58	Vice President, Chief Human Resources and Diversity Officer (2018-); Senior Director of Human Resources (2018); Senior Manager, Organizational Effectiveness and Talent Acquisition (2015-2017); Senior Associate, Point B (2014-2015); Director, Executive Development Center, Willamette University (2011-2014).
Kimberly Heiting Rush	54	Senior Vice President and Chief Operating Officer (2023-); Senior Vice President, Operations and Chief Marketing Officer (2018-2023); Senior Vice President, Communications and Chief Marketing Officer (2018); Vice President, Communications and Chief Marketing Officer (2015-2018); Chief Marketing and Communications Officer (2013-2014); Chief Corporate Communications Officer (2011-2013).
MardiLyn Saathoff*	67	Senior Vice President, Regulation and General Counsel ⁽²⁾⁽⁴⁾ (2016-); Senior Vice President and General Counsel (2015-2016); Vice President, Legal, Risk and Compliance (2013-2014); Deputy General Counsel (2010-2013); Chief Governance Officer and Corporate Secretary (2008-2014).
David A. Weber	64	Vice President, Gas Supply and Utility Support Services (2019-); President and Chief Executive Officer, NW Natural Gas Storage, LLC (2011-); President, KB Pipeline Company (2018-); Director, NWN Gas Reserves LLC (2018-); President and Chief Executive Officer, Gill Ranch Storage, LLC (2011-2020).
Kathryn M. Williams	48	Vice President, Chief Public Affairs and Sustainability Officer (2023-); Vice President, Public Affairs and Sustainability (2020-2023); Vice President, Public Affairs (2019-2020); Government and Community Affairs Director (2018-2019); State Affairs Manager, Port of Portland (2015-2018); Business and Rail Relations Manager, Port of Portland (2007-2015).
Brady J. Wilson*	44	Chief Financial Officer (Interim) ⁽⁵⁾ (2023-), Vice President, Chief Accounting Officer, and Treasurer ⁽²⁾ (2017-); Controller (2013-2023); Chief Financial Officer (Interim), Treasurer (Interim), and Chief Accounting Officer (2016-2017); Chief Accounting Officer, Controller and Assistant Treasurer (2016); Acting Controller (2013); Accounting Director (2012-2013).

DIRECTOR (NORTHWEST NATURAL GAS COMPANY ONLY)*

Name	Age at Dec. 31, 2023	Positions held during last five years ⁽¹⁾
Steven E. Wynne**	71	<p>Executive Vice President, Moda, Inc., a privately-held healthcare insurance company (2012-2023); Director, JELD-WEN Holding Inc. (2012-); Director, Pendleton Woolen Mills, Inc. (2013-); Director, Lone Rock Resources, Inc. (2016-); Director, FLIR Systems, Inc. (1999-2021); Director, Citifyd Inc. (2013-2019); Trustee, Willamette University (1999-); Trustee, Portland Center Stage (2012-2019); Executive Vice President, JELD-WEN, Inc. (2011-2012); President and Chief Executive Officer, SBI International, Ltd. (2004-2007); Partner, Ater Wynne LLP (2001-2002; 2003-2004); President and Chief Executive Officer, Adidas America, Inc. (1995-2000).</p> <p>Mr. Wynne's senior management experience with a variety of companies, board service on a number of public and private companies and longstanding legal practice in the areas of corporate finance, securities and mergers and acquisitions qualify him to provide insight and guidance in the areas of corporate governance, strategic planning, enterprise risk management, finance and operations.</p>

* Executive Officer of Northwest Natural Holding Company and Northwest Natural Gas Company.

** Director of Northwest Natural Gas Company only (beginning 2018). All other directors of Northwest Natural Gas Company are also directors of Northwest Natural Holding Company, and information regarding all directors concurrently serving on the Board of Directors of Northwest Natural Gas Company and Northwest Natural Holding Company will be incorporated by reference to our definitive Proxy Statement for the 2024 Annual Meeting of Shareholders.

⁽¹⁾ Unless otherwise specified, all positions held at Northwest Natural Gas Company.

⁽²⁾ Position held at Northwest Natural Holding Company (beginning March 2018) and Northwest Natural Gas Company.

⁽³⁾ Mr. Burkhardt Meyer voluntarily resigned his Executive Vice President, Strategy and Business Development and Chief Financial Officer positions with NW Holdings and NW Natural effective July 28, 2023.

⁽⁴⁾ In 2020, Ms. Saathoff's title at Northwest Natural Holding Company changed from Senior Vice President and General Counsel to Senior Vice President, Regulation and General Counsel.

⁽⁵⁾ The Board of Directors appointed Brody J. Wilson as interim Chief Financial Officer of NW Holdings and NW Natural effective July 28, 2023.

Each executive officer serves successive annual terms and thereafter until their successors have been duly elected or until their resignation or removal in accordance with the NW Holdings or NW Natural Bylaws, as applicable. There are no family relationships among our executive officers, directors or any person chosen to become one of our officers or directors. NW Holdings and NW Natural have adopted a Code of Ethics (Code) applicable to all employees, officers, and directors that is available on our website at www.nwnaturalholdings.com. We intend to disclose on our website at www.nwnaturalholdings.com any amendments to the Code or waivers of the Code for executive officers and directors.

ITEM 11. EXECUTIVE COMPENSATION

The information concerning "Executive Compensation", "Report of the Organization and Executive Compensation Committee", and "Compensation Committee Interlocks and Insider Participation" contained in NW Holdings' definitive Proxy Statement for the 2024 Annual Meeting of Shareholders is hereby incorporated by reference. Information related to Executive Officers as of December 31, 2023 is reflected in Part III, Item 10, above.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

As of February 14, 2024, NW Holdings owned 100% of the outstanding common stock of NW Natural.

The following table sets forth information regarding compensation plans under which equity securities of NW Holdings are authorized for issuance as of December 31, 2023 (see Note 8 to the Consolidated Financial Statements):

Plan Category	(a)	(b)	(c)
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders:			
Long Term Incentive Plan (LTIP) ⁽¹⁾⁽²⁾	247,186	n/a	180,755
Employee Stock Purchase Plan	50,120	\$ 32.06	256,637
Equity compensation plans not approved by security holders:			
Executive Deferred Compensation Plan (EDCP) ⁽³⁾	705	n/a	n/a
Directors Deferred Compensation Plan (DDCP) ⁽³⁾	28,849	n/a	n/a
Deferred Compensation Plan for Directors and Executives (DCP) ⁽⁴⁾	210,708	n/a	n/a
Total	537,568		437,392

⁽¹⁾ Awards may be granted under the LTIP as Performance Share Awards, Restricted Stock Units, or stock options. Shares issued pursuant to Performance Share Awards and Restricted Stock Units under the LTIP do not include an exercise price, but are payable when the award criteria are satisfied. The number of shares shown in column (a) include 97,291 Restricted Stock Units and 149,895 Performance Share Awards, reflecting the number of shares to be issued as performance share awards under outstanding Performance Share Awards if target performance levels are achieved. If the maximum awards were paid pursuant to the Performance Share Awards outstanding at December 31, 2023, the number of shares shown in column (a) would increase by 149,895 shares, reflecting the maximum share award of 200% of target, and the number of shares shown in column (c) would decrease by the same amount of shares. No stock options or other types of award have been issued under the LTIP.

⁽²⁾ The number of shares shown in column (c) includes shares that are available for future issuance under the LTIP as Restricted Stock Units or Performance Share Awards at December 31, 2023.

⁽³⁾ Prior to January 1, 2005, deferred amounts were credited, at the participant's election, to either a "cash account" or a "stock account." If deferred amounts were credited to stock accounts, such accounts were credited with a number of shares of NW Natural (now NW Holdings) common stock based on the purchase price of the common stock on the next purchase date under our Dividend Reinvestment and Direct Stock Purchase Plan, and such accounts were credited with additional shares based on the deemed reinvestment of dividends. Cash accounts are credited quarterly with interest at a rate equal to Moody's Average Corporate Bond Yield plus two percentage points, subject to a 6% minimum rate. At the election of the participant, deferred balances in the stock accounts are payable after termination of Board service or employment in a lump sum, in installments over a period not to exceed 10 years in the case of the DDCP, or 15 years in the case of the EDCP, or in a combination of lump sum and installments. Amounts credited to stock accounts are payable solely in shares of common stock and cash for fractional shares, and amounts in the above table represent the aggregate number of shares credited to participant's stock accounts. We have contributed common stock to the trustee of the Umbrella Trusts such that the Umbrella Trusts hold approximately the number of shares of common stock equal to the number of shares credited to all participants' stock accounts.

⁽⁴⁾ Effective January 1, 2005, the EDCP and DDCP were closed to new participants and replaced with the DCP. The DCP continues the basic provisions of the EDCP and DDCP under which deferred amounts are credited to either a "cash account" or a "stock account." Stock accounts represent a right to receive shares of NW Holdings common stock on a deferred basis, and such accounts are credited with additional shares based on the deemed reinvestment of dividends. Effective January 1, 2007, cash accounts are credited quarterly with interest at a rate equal to Moody's Average Corporate Bond Yield. Our obligation to pay deferred compensation in accordance with the terms of the DCP will generally become due on a predetermined date during a participant's service if elected by such participant or on retirement, death, or other termination of service, and will be paid in a lump sum or in installments of five, 10, or 15 years as elected by the participant in accordance with the terms of the DCP. Amounts credited to stock accounts are payable solely in shares of common stock and cash for fractional shares, and amounts in the above table represent the aggregate number of shares credited to participants' stock accounts. We have contributed common stock to the trustee of the Supplemental Trust such that this trust holds approximately the number of common shares equal to the number of shares credited to all participants' stock accounts. Historically, we have satisfied NW Holdings' stock contributions to the Supplemental Trust through purchases of NW Holdings stock in the open market. In 2023, the board of directors of NW Holdings authorized the original issuance of NW Holdings shares to the Supplemental Trust in satisfaction of such contributions. As of December 31, 2023, 352,307 shares remained available for issuance under current authorizations. The right of each participant in the DCP is that of a general, unsecured creditor of NW Natural.

The information captioned "Beneficial Ownership of Common Stock by Directors and Executive Officers" and "Security Ownership of Common Stock of Certain Beneficial Owners" contained in NW Holdings' definitive Proxy Statement for the 2024 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information captioned "Transactions with Related Persons" and "Corporate Governance" in NW Holdings' definitive Proxy Statement for the 2024 Annual Meeting of Shareholders is hereby incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

NW Holdings

The information captioned "2023 and 2022 Audit Firm Fees" in NW Holdings' definitive Proxy Statement for the 2024 Annual Meeting of Shareholders is hereby incorporated by reference.

NW Natural

The following table shows the fees and expenses of NW Natural, paid or accrued for the integrated audits of the consolidated financial statements and other services provided by NW Natural's independent registered public accounting firm, PricewaterhouseCoopers LLP, for fiscal years 2023 and 2022:

<i>In thousands</i>	2023	2022
Audit Fees	\$ 1,540	\$ 1,518
Audit-Related Fees	37	477
Tax Fees	22	23
All Other Fees	2	4
Total	\$ 1,601	\$ 2,022

AUDIT FEES. This category includes fees and expenses for services rendered for the integrated audit of the consolidated financial statements included in the Annual Report on Form 10-K and the review of the quarterly financial statements included in the Quarterly Reports on Form 10-Q. The integrated audit includes the review of our internal control over financial reporting in compliance with Section 404 of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act). In addition, amounts include fees for services routinely provided by the auditor in connection with regulatory filings, including issuance of consents and comfort letters relating to the registration of Company securities and assistance with the review of documents filed with the SEC.

AUDIT-RELATED FEES. This category includes fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and internal control over financial reporting, including fees and expenses related to consultations for financial accounting and reporting, fees for EPA assurance letters, and fees for system pre-implementation assessments.

TAX FEES. This category includes fees for tax compliance, and review services rendered for NW Natural's income tax returns.

ALL OTHER FEES. This category relates to services other than those described above. The amount reflects payments for accounting research tools in each of 2023 and 2022.

PRE-APPROVAL POLICY FOR AUDIT AND NON-AUDIT SERVICES. The Audit Committee of NW Natural approved or ratified 100 percent of 2023 and 2022 services for audit, audit-related, tax services and all other fees, including audit services relating to compliance with Section 404 of the Sarbanes-Oxley Act. The chair of the Audit Committee of NW Natural is authorized to pre-approve non-audit services between meetings of the Audit Committee and must report such approvals at the next Audit Committee meeting.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. A list of all Financial Statements and Supplemental Schedules is incorporated by reference to Item 8.
2. List of Exhibits filed:

Reference is made to the Exhibit Index commencing on page 142.

ITEM 16. FORM 10-K SUMMARY

None.

NORTHWEST NATURAL HOLDING COMPANY
NORTHWEST NATURAL GAS COMPANY

Exhibit Index to Annual Report on Form 10-K
For the Fiscal Year Ended December 31, 2023

<u>Exhibit Number</u>	<u>Document</u>
*3a.	Amended and Restated Articles of Incorporation of Northwest Natural Holding Company (incorporated by reference to Exhibit 3.1 to the Form 8-K dated October 1, 2018, File No. 1-38681).
*3b.	Amended and Restated Articles of Incorporation of Northwest Natural Gas Company (incorporated by reference to Exhibit 3b to Form 10-K for the year ended December 31, 2020).
*3c.	Amended and Restated Bylaws of Northwest Natural Holding Company (incorporated by reference to Exhibit 3.1 to the Form 10-Q for the quarter ended June 30, 2022, File No. 1-38681).
*3d.	Amended and Restated Bylaws of Northwest Natural Gas Company (incorporated by reference to Exhibit 3.2 to the Form 10-Q for the quarter ended June 30, 2022, File No. 1-38681).
*4a.	Copy of Mortgage and Deed of Trust of Northwest Natural Gas Company, dated as of July 1, 1946 (Mortgage and Deed of Trust), to Bankers Trust (to whom Deutsche Bank Trust Company Americas is the successor), Trustee (incorporated by reference to Exhibit 7(j) in File No. 2-6494); and copies of Supplemental Indentures Nos. 1 through 14 to the Mortgage and Deed of Trust, dated respectively, as of June 1, 1949, March 1, 1954, April 1, 1956, February 1, 1959, July 1, 1961, January 1, 1964, March 1, 1966, December 1, 1969, April 1, 1971, January 1, 1975, December 1, 1975, July 1, 1981, June 1, 1985 and November 1, 1985 (incorporated by reference to Exhibit 4(d) in File No. 33-1929); Supplemental Indenture No. 15 to the Mortgage and Deed of Trust, dated as of July 1, 1986 (filed as Exhibit 4(c) in File No. 33-24168); Supplemental Indentures Nos. 16, 17 and 18 to the Mortgage and Deed of Trust, dated, respectively, as of November 1, 1988, October 1, 1989 and July 1, 1990 (incorporated by reference to Exhibit 4(c) in File No. 33-40482); Supplemental Indenture No. 19 to the Mortgage and Deed of Trust, dated as of June 1, 1991 (incorporated by reference to Exhibit 4(c) in File No. 33-64014).
*4b.	Supplemental Indenture No. 20 to the Mortgage and Deed of Trust, dated as of June 1, 1993 (incorporated by reference to Exhibit 4a.(1) to Form 10-K for year ended December 31, 1993, File No. 0-00994).
*4c.	Supplemental Indenture No. 21 to the Mortgage and Deed of Trust, dated as of October 15, 2012 (incorporated by reference to Exhibit 4.1 to Form 8-K dated October 26, 2012, File No. 1-15973).
*4d.	Supplemental Indenture No. 22 to the Mortgage and Deed of Trust, dated as of November 1, 2016 (incorporated by reference to Exhibit 4.1 to Form 10-Q for the quarter ended September 30, 2016, File No. 1-15973).
*4e.	Supplemental Indenture No. 23 to the Mortgage and Deed of Trust, dated as of September 1, 2018 (incorporated by reference to Exhibit 4(a) to Form 8-K dated September 10, 2018, File No. 1-15973).
*4f.	Twenty-fourth Supplemental Indenture, providing for, among other things, First Mortgage Bonds, 4.78% Series due 2052, dated as of September 1, 2022, by and between Northwest Natural Gas Company and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 to the Form 8-K filed September 30, 2022, file No. 1-15973).
*4g.	Twenty-fifth Supplemental Indenture, providing for, among other things, First Mortgage Bonds, 5.43% Series due 2053, dated as of December 1, 2022, by and between Northwest Natural Gas Company and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 to Form 8-K dated December 1, 2022, File No. 1-15973).
*4h.	Twenty-sixth Supplemental Indenture, providing for, among other things, First Mortgage Bonds, 5.18% Series due 2034 and 5.23% Series due 2038, dated as of July 1, 2023, by and between Northwest Natural Gas Company and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 to the Form 8-K filed August 7, 2023, file No. 1-15973).

*4i.	Copy of Indenture, dated as of June 1, 1991, between Northwest Natural Gas Company and Bankers Trust Company (to whom Deutsche Bank Trust Company Americas is successor), Trustee, relating to Northwest Natural Gas Company's Unsecured Debt Securities (incorporated by reference to Exhibit 4(e) in File No. 33-64014).
*4j.	Amended and Restated Credit Agreement, dated as of November 3, 2021, among Northwest Natural Holding Company and the lenders party thereto, with JPMorgan Chase Bank, N.A. as administrative agent and Bank of America, N.A., U.S. Bank National Association, and Wells Fargo Bank, National Association, as co-syndication agents, as amended by Amendment No.1, dated as of January 20, 2023 (incorporated by reference to Exhibit 4i to Form 10-K for 2022, File No. 1-15973).
*4k.	Amended and Restated Credit Agreement, dated as of November 3, 2021, among Northwest Natural Gas Company and the lenders party thereto, with JPMorgan Chase Bank, N.A. as administrative agent and Bank of America, N.A., U.S. Bank National Association, and Wells Fargo Bank, National Association, as co-syndication agents, as amended by Amendment No. 1, dated as of January 20, 2023 (incorporated by reference to Exhibit 4j to Form 10-K for 2022, File No. 1-38681).
*4l.	Credit Agreement, dated as of June 10, 2021, among NW Natural Water Company, LLC, Northwest Natural Holding Company, the lenders party thereto, and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 4.2 to the Form 8-K filed June 14, 2021, File No. 1-38681).
*4m.	Credit Agreement, dated as of June 10, 2021, among Northwest Natural Gas Company, the lenders party thereto, and U.S. Bank National Association, as administrative agent (incorporated by reference to Exhibit 4.1 to the Form 8-K filed June 14, 2021, File No. 1-15973).
*4n.	Credit Agreement, dated as of September 15, 2022, among Northwest Natural Holding Company and the lenders party thereto, with U.S. Bank National Association as administrative agent (incorporated by reference to Exhibit 4.1 to the Form 8-K filed September 21, 2022, file No. 1-38681).
*4o.	Credit Agreement, dated as of September 15, 2022, among NW Natural Water Company, LLC, Northwest Natural Holding Company and the lenders party thereto, with U.S. Bank National Association as administrative agent (incorporated by reference to Exhibit 4.2 to the Form 8-K filed September 21, 2022, file No. 1-38681).
*4p.	Description of securities registered under Section 12 of the Exchange Act of 1934 (incorporated by reference to Exhibit 4j to Form 10-K for the year ended December 31, 2019, File No. 1-38681).
4q.	Note Purchase Agreement dated December 14, 2023, between Northwest Natural Holding Company and the institutional investors named as purchasers therein.
4r.	Uncommitted Letter of Credit and Reimbursement Agreement dated January 5, 2024, among Northwest Natural Gas Company, the lenders party thereto, and Canadian Imperial Bank of Commerce, New York Branch, as administrative agent.
21	Subsidiaries of Northwest Natural Holding Company.
23a.	Consent of PricewaterhouseCoopers LLP - NW Holdings.
23b.	Consent of PricewaterhouseCoopers LLP - NW Natural.
31.1	Certification of Principal Executive Officer of Northwest Natural Gas Company Pursuant to Rule 13a-14(a)/15d-14(a), Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer of Northwest Natural Gas Company Pursuant to Rule 13a-14(a)/15d-14(a), Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certification of Principal Executive Officer of Northwest Natural Holding Company Pursuant to Rule 13a-14(a)/15d-14(a), Section 302 of the Sarbanes-Oxley Act of 2002.

31.4	Certification of Principal Financial Officer of Northwest Natural Holding Company Pursuant to Rule 13a-14(a)/15d-14(a), Section 302 of the Sarbanes-Oxley Act of 2002.
**32.1	Certification of Principal Executive Officer and Principal Financial Officer of Northwest Natural Gas Company Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**32.2	Certification of Principal Executive Officer and Principal Financial Officer of Northwest Natural Holding Company Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Northwest Natural Holding Company Compensation Recovery Policy, effective as of December 1, 2023.
101	<p>The following materials formatted in Inline Extensible Business Reporting Language (Inline XBRL):</p> <ul style="list-style-type: none"> (i) Consolidated Statements of Income; (ii) Consolidated Balance Sheets; (iii) Consolidated Statements of Cash Flows; and (iv) Related notes.
104	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2023, formatted in Inline XBRL and contained in Exhibit 101.
Executive Compensation Plans and Arrangements:	
*10a.	Executive Supplemental Retirement Income Plan, 2018 Restatement (incorporated herein by reference to Exhibit 10.6 to the Form 8-K dated October 1, 2018, File No. 1-38681).
*10b.	Supplemental Executive Retirement Plan of Northwest Natural Gas Company, 2018 Restatement, as amended July 25, 2019 (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended June 30, 2019, File No. 1-15973).
*10c.	Northwest Natural Gas Company Supplemental Trust, effective January 1, 2005, restated as of October 1, 2018 (incorporated by reference to Exhibit 10.9 to the Form 8-K dated October 1, 2018, File No. 1-38681).
*10d.	Northwest Natural Gas Company Umbrella Trust for Directors, effective January 1, 1991, restated as of October 1, 2018 (incorporated by reference to Exhibit 10.11 to the Form 8-K dated October 1, 2018, File No. 1-38681).
*10e.	Northwest Natural Gas Company Umbrella Trust for Executives, effective January 1, 1988, restated as of October 1, 2018 (incorporated by reference to Exhibit 10.10 to the Form 8-K dated October 1, 2018, File No. 1-38681).
*10f.	Executive Deferred Compensation Plan, effective as of January 1, 1987, restated as of October 1, 2018 (incorporated by reference to Exhibit 10.4 to the Form 8-K dated October 1, 2018, File No. 1-38681).
*10g.	Directors Deferred Compensation Plan, effective June 1, 1981, restated as of October 1, 2018 (incorporated by reference to Exhibit 10.5 to the Form 8-K dated October 1, 2018, File No. 1-38681).
*10h.	Deferred Compensation Plan for Directors and Executives, effective January 1, 2005, restated as of September 23, 2021 (incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended September 30, 2021, File No. 1-38681).
*10i.	Form of Indemnity Agreement as entered into between Northwest Natural Gas Company and each director and certain executive officers (incorporated by reference to Exhibit 10.1 to Form 10-Q the quarter ended September 30, 2023, File No. 1-15973).
*10j.	Form of Indemnity Agreement as entered into between Northwest Natural Holding Company and each director and certain executive officers (incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended September 30, 2023, File No. 1-38681).

*10k.	Non-Employee Directors Stock Compensation Plan, as amended effective December 15, 2005 (incorporated by reference to Exhibit 10.2 to Form 8-K dated December 16, 2005, File No. 1-15973).
*10l.	Executive Annual Incentive Plan, effective February 23, 2023 (incorporated by reference to Exhibit 10m to Form 10-K for 2022, File No. 1-15973).
10m.	Executive Annual Incentive Plan, effective February 22, 2024.
*10n.	Form of Change in Control Severance Agreement between Northwest Natural Gas Company and David Anderson, as amended and restated as of February 23, 2023 (incorporated by reference to Exhibit 10o to Form 10-K for 2022, File No. 1-15973).
*10o.	Form of Change in Control Severance Agreement between Northwest Natural Gas Company and each executive officer (other than David Anderson), as amended and restated as of February 23, 2023 (incorporated by reference to Exhibit 10p to Form 10-K for 2022, File No. 1-15973).
*10q.	Northwest Natural Gas Company Long Term Incentive Plan, as amended and restated as of October 1, 2018 (incorporated by reference to Exhibit 10.1 to Form 8-K dated October 1, 2018, File No. 1-38681).
*10r.	Northwest Natural Holding Company Long Term Incentive Plan, as amended and restated as of February 23, 2023 (incorporated by reference to Exhibit 10s to Form 10-K for 2022, File No. 1-38681).
10s.	Northwest Natural Holding Company Long Term Incentive Plan, as amended and restated as of February 22, 2024.
*10t.	Form of Performance Share Long Term Incentive Agreement under Long Term Incentive Plan (2021-2023)(incorporated by reference to Exhibit 10w to Form 10-K for 2020, File No. 1-38681).
*10u.	Form of Performance Share Long Term Incentive Agreement under Long Term Incentive Plan (2022-2024) (incorporated by reference to Exhibit 10w to Form 10-K for 2021, File No. 1-38681).
*10v.	Form of Amendment to Performance Share Long Term Incentive Agreement under Long Term Incentive Plan (2021-2023) and Long Term Incentive Plan (2022-2024) (incorporated by reference to Exhibit 10w to Form 10-K for 2022, File No. 1-15973).
*10w.	Form of Performance Share Long Term Incentive Agreement under Long Term Incentive Plan (2023-2025) (incorporated by reference to Exhibit 10x to Form 10-K for 2022, File No. 1-15973).
10x.	Form of Performance Share Long Term Incentive Agreement under Long Term Incentive Plan (2024-2026).
*10y.	Form of Consent dated December 14, 2006 entered into by each executive officer with respect to amendments to the Executive Supplemental Retirement Income Plan, the Supplemental Executive Retirement Plan and certain change in control severance agreements (incorporated by reference to Exhibit 10.1 to Form 8-K dated December 19, 2006, File No. 1-15973).
*10z.	Consent to Amendment of Deferred Compensation Plan for Directors and Executives, dated February 28, 2008 entered into by each executive officer (incorporated by reference to Exhibit 10bb to Form 10-K for 2007, File No. 1-15973).
*10aa.	Form of Restricted Stock Unit Award Agreement under Long Term Incentive Plan (2023) (incorporated by reference to Exhibit 10bb to Form 10-K for 2022, File No. 1-38681).
10bb.	Form of Restricted Stock Unit Award Agreement under Long Term Incentive Plan (2024).
*10cc.	Form of Restricted Stock Unit Award Agreement under Long Term Incentive Plan (2022) (incorporated by reference to Exhibit 10z to Form 10-K for 2021, File No. 1-38681).

*10dd.	Form of Restricted Stock Unit Award Agreement under Long Term Incentive Plan (2021) (incorporated by reference to Exhibit 10z to Form 10-K for 2020, File No. 1-38681).
*10ee.	Form of Restricted Stock Unit Award Agreement under Long Term Incentive Plan (2020) (incorporated by reference to Exhibit 10aa to Form 10-K for 2019, File No. 1-38681).
*10ff.	Cash Retention Agreement between Northwest Natural Gas Company and an executive officer, dated as of March 1, 2018 (incorporated by reference to Exhibit 10ss to Form 10-K for 2017, File No. 1-15973).
10gg.	Form of Amendment of Award Agreements, dated February 22, 2024, entered into by each executive officer.

*Incorporated by reference as indicated

**Pursuant to Item 601(b)(32)(ii) of Regulation S-K, this certificate is not being "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company and its subsidiaries.

NORTHWEST NATURAL HOLDING COMPANY

By: /s/ David H. Anderson

David H. Anderson
Chief Executive Officer
Date: February 23, 2024

NORTHWEST NATURAL GAS COMPANY

By: /s/ David H. Anderson

David H. Anderson
Chief Executive Officer
Date: February 23, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated. The signatures of each of the undersigned shall be deemed to relate only to matters having reference to the below named company and its subsidiaries.

NORTHWEST NATURAL HOLDING COMPANY

Signature	Title	Date
/s/ David H. Anderson David H. Anderson Chief Executive Officer	Principal Executive Officer and Director	February 23, 2024
/s/ Brody J. Wilson Brody J. Wilson Chief Financial Officer, Chief Accounting Officer, Vice President, Treasurer	Principal Financial Officer and Principal Accounting Officer	February 23, 2024
/s/ Timothy P. Boyle Timothy P. Boyle	Director)))
/s/ Monica Enand Monica Enand	Director)))
/s/ Karen Lee Karen Lee	Director)))
/s/ Dave McCurdy Dave McCurdy	Director)))
/s/ Sandra McDonough Sandra McDonough	Director	February 23, 2024))
/s/ Nathan I. Partain Nathan I. Partain	Director)))
/s/ Jane L. Peverett Jane L. Peverett	Director)))
/s/ Kenneth Thrasher Kenneth Thrasher	Director)))
/s/ Malia H. Wasson Malia H. Wasson	Director)))
/s/ Charles A. Wilhoite Charles A. Wilhoite	Director))

NORTHWEST NATURAL GAS COMPANY

Signature	Title	Date
/s/ David H. Anderson David H. Anderson Chief Executive Officer	Principal Executive Officer and Director	February 23, 2024
/s/ Brody J. Wilson Brody J. Wilson Chief Financial Officer, Chief Accounting Officer, Vice President, Treasurer	Principal Financial Officer and Principal Accounting Officer	February 23, 2024
/s/ Timothy P. Boyle Timothy P. Boyle	Director)))
/s/ Monica Enand Monica Enand	Director)))
/s/ Karen Lee Karen Lee	Director)))
/s/ Dave McCurdy Dave McCurdy	Director)))
/s/ Sandra McDonough Sandra McDonough	Director	February 23, 2024))
/s/ Nathan I. Partain Nathan I. Partain	Director)))
/s/ Jane L. Peverett Jane L. Peverett	Director)))
/s/ Kenneth Thrasher Kenneth Thrasher	Director)))
/s/ Malia H. Wasson Malia H. Wasson	Director)))
/s/ Charles A. Wilhoite Charles A. Wilhoite	Director)))
/s/ Steven E. Wynne Steven E. Wynne	Director))

Execution Version

Northwest Natural Holding Company

\$100,000,000 5.78% Senior Notes, Series A, due March 7, 2028
\$50,000,000 5.84% Senior Notes, Series B, due March 7, 2029

Note Purchase Agreement

Dated December 14, 2023

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Northwest Natural Holding Company

250 SW Taylor Street
Portland, Oregon 97204

\$100,000,000 5.78% Senior Notes, Series A, due March 7, 2028
\$50,000,000 5.84% Senior Notes, Series B, due March 7, 2029

December 14, 2023

To Each of the Purchasers Listed in
the Purchaser Schedule Hereto:

Ladies and Gentlemen:

Northwest Natural Holding Company, an Oregon corporation (the “**Company**”), agrees with each of the Purchasers as follows:

Section 1. Authorization of Notes.

The Company will authorize the issue and sale of (a) \$100,000,000 aggregate principal amount of its 5.78% Senior Notes, Series A, due March 7, 2028 (the “**Series A Notes**”) and (b) \$50,000,000 aggregate principal amount of its 5.84% Senior Notes, Series B, due March 7, 2029 (the “**Series B Notes**”); and collectively with the Series A Notes, the “**Notes**,” such term to include any such notes issued in substitution therefor pursuant to Section 13.3). Each series of Notes is sometimes referred to herein as a “series.” The Notes shall be substantially in the form set out in Schedule 1A and Schedule 1B, respectively. Certain capitalized and other terms used in this Agreement are defined in Schedule A and, for purposes of this Agreement, the rules of construction set forth in Section 22.4 shall govern.

Section 2. Sale and Purchase of Notes

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount and series specified opposite such Purchaser’s name in the Purchaser Schedule at the purchase price of 100% of the principal amount thereof. The Purchasers’ obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

Section 3. Closing.

The execution and delivery of this Agreement shall occur on December 14, 2023 (the **Execution Date**).

The sale and purchase of the Notes to be purchased by each Purchaser shall occur at the offices of Chapman and Cutler LLP, 320 South Canal Street, Chicago, IL 60606, at 8:00 am Chicago time, at a closing (the **Closing**) on March 7, 2024 or on such other Business Day thereafter on or prior to March 12, 2024 as may be agreed upon by the Company and the Purchasers. At the Closing the Company will deliver to each Purchaser the Notes to be purchased by such Purchaser in the form of a single Note (or such greater number of Notes in denominations of at least \$100,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company as provided in the funding instructions delivered pursuant to **Section 4.10**. If at the Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure by the Company to tender such Notes or any of the conditions specified in Section 4 not having been fulfilled to such Purchaser's satisfaction.

If at the Closing one or more Purchasers shall fail to purchase Notes which such Purchaser(s) is obligated to purchase under this Agreement after the fulfillment, prior to or at the Closing, of the conditions set forth in Section 4, the Company shall have the option of terminating its obligation to sell any Notes only to such defaulting Purchaser(s) and be relieved of all further obligations under this Agreement only with respect to such defaulting Purchaser(s).

Section 4. Conditions to Closing.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made on the Execution Date and at the Closing (except with respect to representations and warranties made as of a specific date, in which case they shall be correct as of such date).

Section 4.2. Performance; No Default or Change of Control The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and from the date of this Agreement to the Closing assuming that Sections 9 and 10 are applicable from the date of this Agreement. From the date of this Agreement until the Closing, before and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by

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Section 5.14), no Change in Control, Default or Event of Default shall have occurred and be continuing.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificate.* The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) *Secretary's Certificate.* The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of the Closing, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes and this Agreement and (ii) the Company's organizational documents as then in effect.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from Shawn M. Filippi, Esq., Vice President, Chief Compliance Officer and Corporate Secretary of the Company, and Morgan, Lewis & Bockius LLP, as special counsel to the Company, substantially in the form set forth in Schedules 4.4(a)(1) and 4.4(a)(2), respectively, and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) from Chapman and Cutler LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Schedule 4.4(b) and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc. On the date of the Closing such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof (excluding any of the foregoing that are of general application to the business of a Purchaser). If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes. Subject to the last sentence of Section 3, contemporaneously with the Closing the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at the Closing as specified in the Purchaser Schedule.

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Section 4.7. Payment of Special Counsel Fees. Without limiting Section 15.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least three Business Days prior to the Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by the PPN CUSIP Unit of CUSIP Global Services (in cooperation with the SVO) shall have been obtained for each series of Notes.

Section 4.9. Changes in Corporate Structure. The Company shall not have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.10. Funding Instructions. (a) At least five (5) Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number, (iii) the account name and number into which the purchase price for such Purchaser's Notes is to be deposited, which account shall be fully opened and able to receive micro deposits in accordance with this Section 4.10 at least five (5) Business Days prior to the date of Closing and (iv) contact information of a representative at the transferee bank and a representative at the Company who will be available to confirm such instructions by telephone.

(b) Each Purchaser has the right, but not the obligation, upon written notice (which may be by email) to the Company, to elect to deliver a micro deposit (less than \$50.00) to the account identified in the written instructions no later than two (2) Business Days prior to Closing. If a Purchaser delivers a micro deposit, a Responsible Officer must verbally verify the receipt and amount of the micro deposit to such Purchaser on a telephone call initiated by such Purchaser prior to Closing. The Company shall not be obligated to return the amount of the micro deposit, nor will the amount of the micro deposit be netted against the Purchaser's purchase price of the Notes.

(c) At least two (2) Business Days prior to the date of the Closing, if requested by a Purchaser, a Responsible Officer of the Company shall have confirmed the aforementioned written instructions in a live video conference call made available to the Purchasers.

Section 4.11. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

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Section 5. Representations and Warranties of the Company.

The Company represents and warrants to each Purchaser as of the Execution Date and as of the Closing (except with respect to representations and warranties made as of a specific date, in which case they shall be correct as of such date) that:

Section 5.1. Organization; Power and Authority. The Company is a corporation duly organized and validly existing under the laws of the State of Oregon and is duly qualified as a foreign corporation in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in valid existence would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc. This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. The Company, through its agents, BofA Securities, Inc. and CIBC Securities Inc., has delivered or made available to each Purchaser a copy of an Investor Presentation, dated November 15, 2023 (the "**Investor Presentation**"), and the Company's Annual Report on Form 10-K for the year ended December 31, 2022, the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023, June 30, 2023 and September 30, 2023, and the Company's Current Reports on Form 8-K filed with the SEC on January 6, 2023, May 26, 2023 (Item 5.02 only), June 1, 2023, July 28, 2023, and August 7, 2023, each of which has been filed with the SEC under the Exchange Act (collectively, the "**Exchange Act filings**") (this Agreement, the Investor Presentation, the Exchange Act filings and the documents, certificates or other writings delivered or made available to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby and identified in Schedule 5.3, collectively, the "**Disclosure Documents**"). The Disclosure Documents fairly describe, in all material respects and as of their respective dates, the general nature of the business and principal properties of the Company and its Subsidiaries. The Disclosure Documents taken together as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2022, there has been no change in the financial condition, operations, business or properties of the Company or any Subsidiary except changes that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that would reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Disclosure Documents.

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Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates (a) Schedule 5.4 contains (except as noted therein) complete and correct lists of (i) the Company's Subsidiaries, showing, as to each Subsidiary, the name thereof, the jurisdiction of its organization, the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (ii) the Company's Affiliates, other than Subsidiaries, and (iii) the Company's directors and officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and non-assessable and are owned by the Company or another Subsidiary.

(c) Each Subsidiary is a corporation or other legal entity duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and, where applicable, is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts.

(d) No Subsidiary is subject to any legal, regulatory, contractual or other restriction (other than the agreements listed on Schedule 5.4, customary limitations imposed by corporate law or similar statutes and in the case of any Significant Subsidiary, limitations imposed by the Public Utility Commission of Oregon and the Washington Utilities and Transportation Commission) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

Section 5.5. Financial Statements; Material Liabilities. The Company, through its agents, BofA Securities, Inc. and CIBC Securities Inc., has delivered or made available to each Purchaser copies of the consolidated financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of such financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company and its Subsidiaries do not have any Material liabilities that are not disclosed in or contemplated by the Disclosure Documents, except for liabilities incurred after the Execution Date in the ordinary course of business that individually and in the aggregate would not be reasonably expected to have a Material Adverse Effect.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of this Agreement and the Notes will not (i) contravene, result

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in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Significant Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter, regulations or by-laws, shareholders agreement or any other Material agreement or instrument to which the Company or any Significant Subsidiary is bound or by which the Company or any Significant Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Significant Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Significant Subsidiary. The representation by the Company to each Purchaser in subsection (iii) of this Section 5.6 is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.1 as to its purchase for investment and purchaser status.

Section 5.7. Governmental Authorizations, Etc. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes.

Section 5.8. Litigation; Observance of Agreements, Statutes and Orders. (a) Except as disclosed in the Disclosure Documents, there are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Significant Subsidiary is (i) in default under any agreement or instrument to which it is a party or by which it is bound, (ii) in violation of any order, judgment, decree or ruling of any court, any arbitrator of any kind or any Governmental Authority or (iii) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including Environmental Laws, the USA PATRIOT Act or any of the other laws and regulations that are referred to in Section 5.16), which default or violation would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company and each Significant Subsidiary have filed or caused to be filed all tax returns that to the knowledge of the Company are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which, individually or in the aggregate, is not Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or any Significant Subsidiary, as the case may be, has established reserves in accordance with GAAP.

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Section 5.10. Title to Property; Leases. The Company and each Significant Subsidiary have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after such date (except as sold or otherwise disposed of in the ordinary course of business). All leases that are Material are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. (a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others, except for those conflicts that, individually or in the aggregate, would not have a Material Adverse Effect.

(b) To the best knowledge of the Company, no product or service of the Company or any of its Subsidiaries infringes in any material respect any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person.

(c) To the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

Section 5.12. Compliance with Employee Benefit Plans. (a) The Company is in compliance in all material respects with all applicable provisions of ERISA. The Company has not violated any provision of any Plan maintained or contributed to by the Company which could, insofar as the Company may reasonably foresee, have a Material Adverse Effect. No ERISA Event has occurred and is continuing with respect to any Plan. Each Plan will be able to fulfill its benefit obligations as they come due in accordance with the Plan documents and under GAAP. The Company and its Subsidiaries do not have any Non-U.S. Plans.

(b) (i) None of the Company or any of its Subsidiaries is an entity deemed to hold "plan assets" (within the meaning of the Plan Asset Regulations), and (ii) the execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(b)(ii) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 and the completeness of such Purchaser's disclosures pursuant to Section 6.2 as to the sources of the funds to be used to pay the purchase price of the Notes to be purchased by such Purchaser.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Notes or any similar Securities for sale to, or solicited any offer to buy the Notes or any similar Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than 25 other

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Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations The Company will apply the proceeds of the sale of the Notes for general corporate purposes, including but not limited to the repayment of outstanding debt of the Company and its subsidiaries. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any Securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 5% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 5% of the value of such assets. As used in this Section, the terms “**margin stock**” and “**purpose of buying or carrying**” shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Indebtedness. (a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of December 8, 2023 (including descriptions of the obligors and obligees, principal amounts outstanding, any collateral therefor and any Guaranty thereof), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or any Significant Subsidiary. Neither the Company nor any Significant Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or any Significant Subsidiary and, no event or condition exists with respect to any Indebtedness of the Company or any Significant Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including its charter or any other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as disclosed in Schedule 5.15.

Section 5.16. Foreign Assets Control Regulations, Etc. (a) Neither the Company nor any Controlled Entity (i) is a Blocked Person, (ii) has been notified that its name appears or may in the future appear on a State Sanctions List or (iii) is a target of sanctions that have been imposed by the United Nations, the United Kingdom or the European Union.

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(b) Neither the Company nor any Controlled Entity (i) has violated, been found in violation of, or been charged or convicted under, any applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws or (ii) to the Company's knowledge, is under investigation by any Governmental Authority for possible violation of any U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) No part of the proceeds from the sale of the Notes hereunder:

(i) constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (A) in connection with any investment in, or any transactions or dealings with, any Blocked Person, (B) for any purpose that would cause any Purchaser to be in violation of any U.S. Economic Sanctions Laws or (C) otherwise in violation of any U.S. Economic Sanctions Laws;

(ii) will be used, directly or indirectly, in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Money Laundering Laws; or

(iii) will be used, directly or indirectly, for the purpose of making any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage, in each case which would be in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Corruption Laws.

(d) The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws and Anti-Corruption Laws.

Section 5.17. Investment Company Act. Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940.

Section 5.18. Notes Rank Pari Passu. The obligations of the Company under this Agreement and the Notes rank at least pari passu in right of payment with all other unsecured Indebtedness (actual or contingent) of the Company, including, without limitation, all senior unsecured Indebtedness of the Company described in Schedule 5.15 hereto.

Section 5.19. Environmental Matters. Except as disclosed in or contemplated by the Disclosure Documents, (a) neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim and no proceeding has been instituted asserting any claim against the Company or any of its Subsidiaries or any of their respective real properties or other assets now or formerly owned, leased or operated by any of them, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as would not reasonably be expected to result in a Material Adverse Effect;

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(b) neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;

(c) neither the Company nor any Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them in a manner which is contrary to any Environmental Law that would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;

(d) neither the Company nor any Subsidiary has disposed of any Hazardous Materials in a manner which is contrary to any Environmental Law that would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; and

(e) all buildings on all real properties now owned, leased or operated by the Company or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

Section 6. Representations of the Purchasers.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that (a) it is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act or an "accredited investor" as such term is defined in Regulations D promulgated pursuant to the Securities Act, and (b) it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, *provided* that the disposition of such Purchaser's or such pension or trust fund's property shall at all times be within such Purchaser's or such pension or trust fund's control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("PTE") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the "NAIC Annual Statement")) for the general account contract(s) held by or on behalf of any employee

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benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the "**QPAM Exemption**")) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96-23 (the "**INHAM Exemption**")) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the

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Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

- (f) the Source is a governmental plan; or
- (g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or
- (h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms “**employee benefit plan**,” “**governmental plan**,” and “**separate account**” shall have the respective meanings assigned to such terms in section 3 of ERISA.

Section 7. Information as to Company

Section 7.1. Financial and Business Information. The Company shall deliver to each Purchaser and holder of a Note that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days (or such shorter period as is 15 days greater than the period applicable to the filing of the Company’s Quarterly Report on Form 10-Q (the “**Form 10-Q**”) with the SEC regardless of whether the Company is subject to the filing requirements thereof after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

- (i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and
- (ii) consolidated statements of income, changes in shareholders’ equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

(b) *Annual Statements* — within 120 days (or such shorter period as is 15 days greater than the period applicable to the filing of the Company’s Annual Report on

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Form 10-K (the “**Form 10-K**”) with the SEC regardless of whether the Company is subject to the filing requirements thereof after the end of each fiscal year of the Company, duplicate copies of

- (i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, and
- (ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon (without a “going concern” or similar qualification or exception and without any qualification or exception as to the scope of the audit on which such opinion is based) of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (i) each financial statement, report, notice, proxy statement or similar document sent by the Company or any Subsidiary to its public Securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC;

(d) *Notice of Default or Event of Default*— promptly, and in any event within 5 days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *Resignation or Replacement of Auditors* — within 10 days following the date on which the Company's auditors resign or the Company elects to change auditors, as the case may be, notification thereof, together with such further information as the Required Holders may reasonably request; *provided* that the delivery within the time period specified above of a Current Report on Form 8-K prepared in accordance with the requirements of Form 8-K for disclosing the resignation or replacement of auditors and filed with the SEC or otherwise available on EDGAR shall be deemed to satisfy the requirements of this Section 7.1(e) and *provided further* that the Company shall be

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deemed to have made such delivery of such Form 8-K if it shall have timely made delivery thereof in accordance with Section 7.4; and

(f) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries (including actual copies of the Company's Form 10-Q and Form 10-K) or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of a Note.

Section 7.2. Officer's Certificate. Each set of financial statements delivered to a Purchaser or a holder of a Note pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer:

(a) *Covenant Compliance* — setting forth the information from such financial statements that is required in order to establish whether the Company was in compliance with the requirements of Section 10.2 or Section 10.6 during the quarterly or annual period covered by the financial statements then being furnished (including with respect to each such provision that involves mathematical calculations, the information from such financial statements that is required to perform such calculations) and detailed calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Section, and the calculation of the amount, ratio or percentage then in existence. In the event that the Company or any Subsidiary has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with this Agreement pursuant to Section 22.2) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election; and

(b) *Event of Default* — certifying that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Visitation. The Company shall permit the representatives of each Purchaser or holder of a Note that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such Purchaser or such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the

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consent of the Company, which consent will not be unreasonably withheld, and subject to the confidentiality provisions set forth in Section 20) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; *provided*, that such visits shall not occur more frequently than once per calendar year; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries, subject to the confidentiality provisions consistent with Section 20 of this Agreement), all at such times and as often as may be requested.

Section 7.4. Electronic Delivery. Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to Sections 7.1(a), (b) or (c) and Section 7.2 shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto:

(a) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related Officer's Certificate satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c) are delivered to each Purchaser or holder of a Note by e-mail at the e-mail address set forth in such Purchaser's or holder's Purchaser Schedule or as communicated from time to time in a separate writing delivered to the Company;

(b) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of Section 7.1(a) or Section 7.1(b), as the case may be, with the SEC on EDGAR and both a link to such form on EDGAR and the related Officer's Certificate satisfying the requirements of Section 7.2 are delivered to each Purchaser or holder of a Note by e-mail at the e-mail address set forth in such Purchaser's or holder's Purchaser Schedule or as communicated from time to time in a separate writing delivered to the Company;

(c) such financial statements satisfying the requirements of Section 7.1(a) or Section 7.1(b) and related Officer's Certificate(s) satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c), 7.1(d), 7.1(e) or 7.1(f), are timely posted by or on behalf of the Company on Intralinks or on any other similar website to which each Purchaser and each holder of Notes has free access; or

(d) the Company shall have timely filed any of the items referred to in Section 7.1(c) with the SEC on EDGAR and shall have made such items available on its

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home page on the internet or on Intralinks or on any other similar website to which each holder of Notes has free access;

provided however, that in no case shall access to such financial statements, other information and Officer's Certificates be conditioned upon any waiver or other agreement or consent (other than confidentiality provisions consistent with Section 20 of this Agreement); *provided further*, that in the case of any of clauses (b), (c) or (d), the Company shall have given each Purchaser and holder of a Note prior written notice, which may be by e-mail or in accordance with Section 18, of such posting or filing in connection with each delivery, *provided further*, that upon request of any Purchaser or holder to receive paper copies of such forms, financial statements, other information and Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to such Purchaser or holder.

Section 8. Payment and Prepayment of the Notes.

Section 8.1. Maturity. As provided therein, the entire unpaid principal balance of each Note shall be due and payable on the Maturity Date thereof.

Section 8.2. Optional Prepayments with and without MakeWhole Amount. The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the outstanding Notes of any series, in an amount not less than 5% of the aggregate principal amount of the Notes of such series then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount; *provided* that so long as no Default or Event of Default shall then exist, at any time on or after February 7, 2028, the Company may, at its option, upon notice as provided below, prepay all or any part of the Series A Notes at 100% of the principal amount so prepaid, together with accrued interest to the prepayment date but without the payment of a Make-Whole Amount; *provided*, further that, so long as no Default or Event of Default shall then exist, at any time on or after February 7, 2029, the Company may, at its option, upon notice as provided below, prepay all or any part of the Series B Notes at 100% of the principal amount so prepaid, together with accrued interest to the prepayment date but without the payment of a Make-Whole Amount. The Company will give each holder of Notes of any series then subject to repayment pursuant to this **Section 8.2** written notice of each optional prepayment under this Section 8.2 not less than 10 days and not more than 60 days prior to the date fixed for such prepayment unless the Company and the Required Holders of such series agree to another time period pursuant to Section 17. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount and series of the Notes to be prepaid on such date, the principal amount and series of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment

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date. Notwithstanding anything to the contrary contained herein, in the event that the Company elects to make a prepayment of less than all of the Notes pursuant to this **Section 8.2** at any time while a Default or Event of Default is continuing, such prepayment shall be allocated among all series of Notes at the time outstanding in the same proportion, as nearly as practicable as the aggregate principal amount of all Notes outstanding immediately prior to such prepayment is reduced as a result of such prepayment.

Section 8.3. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes of the series being prepaid at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment. Notwithstanding the foregoing, the Company may optionally prepay any series of Notes without the allocation of such prepayment among all other series of the Notes at the time outstanding, if such series is paid in full on or after February 7, 2028, in the case of the Series A Notes, and on or after February 7, 2029, in the case of the Series B Notes. All partial prepayments made pursuant to Section 8.8 shall be applied only to the Notes of the holders who have elected to participate in such prepayment.

Section 8.4. Maturity; Surrender, Etc. In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.5. Purchase of Notes. The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 10 Business Days. If the holders of more than 35% of the principal amount of the Notes then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 5 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.6. Make-Whole Amount.

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The term "**Make-Whole Amount**" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"**Called Principal**" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"**Discounted Value**" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"**Reinvestment Yield**" means, with respect to the Called Principal of any Note, the sum of (a) 0.50% plus (b) the yield to maturity implied by the "Ask Yield(s)" reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities ("**Reported**") having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (i) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (ii) interpolating linearly between the "Ask Yields" Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then "**Reinvestment Yield**" means, with respect to the Called Principal of any Note, the sum of (x) 0.50% plus (y) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and

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less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

“Remaining Average Life” means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“Remaining Scheduled Payments” means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

“Settlement Date” means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 8.7. Payments Due on Non-Business Days. Anything in this Agreement or the Notes to the contrary notwithstanding, (x) except as set forth in clause (y), any payment of interest on any Note that is due on a date that is not a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; and (y) any payment of principal or Make-Whole Amount on any Note (including principal due on the Maturity Date of such Note) that is due on a date that is not a Business Day shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

Section 8.8. Change in Control.

(a) *Notice of Change in Control.* The Company will, within 15 Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control, give written notice, in reasonable detail, the nature and date of such Change in Control to each holder of Notes. The Company will, within 15 Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control Event, give written notice of such Change in Control Event to each holder of Notes. Such notice of a Change in Control Event shall contain and constitute an offer to prepay Notes as described in subparagraph (b) of this Section 8.8 and shall be accompanied by the certificate described in subparagraph (e) of this Section 8.8.

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(b) *Offer to Prepay Notes.* The offer to prepay Notes contemplated by subparagraph (a) of this Section 8.8 shall be an offer to prepay, in accordance with and subject to this Section 8.8, all, but not less than all, the Notes held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the "**Section 8.8 Proposed Prepayment Date**"). Such date shall be not less than 20 days and not more than 60 days after the date of such offer (if the Section 8.8 Proposed Prepayment Date shall not be specified in such offer, the Section 8.8 Proposed Prepayment Date shall be the first Business Day after the 45th day after the date of such offer).

(c) *Acceptance/Rejection.* A holder of Notes may accept the offer to prepay made pursuant to this Section 8.8 by causing a notice of such acceptance to be delivered to the Company at least 5 Business Days prior to the Section 8.8 Proposed Prepayment Date. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 8.8, or to accept an offer as to all of the Notes held by such holder, in each case on or before the 5th Business Day preceding the Section 8.8 Proposed Prepayment Date, shall be deemed to constitute a rejection of such offer by such holder.

(d) *Prepayment.* Prepayment of the Notes to be prepaid pursuant to this Section 8.8 shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to, but excluding, the date of prepayment, but without Make-Whole Amount or other premium.

(e) *Officer's Certificate.* Each offer to prepay the Notes pursuant to this Section 8.8 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Section 8.8 Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 8.8; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to, but excluding, the Section 8.8 Proposed Prepayment Date; (v) that the conditions of this Section 8.8 have been fulfilled; and (vi) in reasonable detail, the nature and date of the Change in Control Event.

(f) *Definitions.*

"Change in Control" means that either (x) a person or group (as defined in the Securities Exchange Act of 1934) has acquired more than 50% of the voting stock of the Company or (y) a majority of the board of directors of the Company shall cease to be composed of individuals who were members of such board on the Execution Date ("**Existing Directors**") or were approved by a majority of the Existing Directors and previously approved directors.

"Change in Control Event" means that both (i) a Change in Control shall have occurred; and (ii) at the time of, or at any time during the one-year period following, the Change in Control, the Company either (x) has a rating that is not an Investment Grade Rating from any one of S&P, Fitch or Moody's or (y) does not have a credit rating from at least one of S&P, Fitch or Moody's.

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Section 9. Affirmative Covenants.

From the date of this Agreement until the Closing and thereafter, so long as any of the Notes are outstanding, the Company covenants that:

Section 9.1. Compliance with Laws. Without limiting Section 10.4, the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject (including ERISA, Environmental Laws, the USA PATRIOT Act and the other laws and regulations that are referred to in Section 5.16) and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance. The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated, except in each case to the extent that any non-compliance with the terms of this Section 9.2 would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.3. Maintenance of Properties. The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided* that this Section 9.3 shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4. Payment of Taxes. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent the same have become due and payable and before they have become delinquent, *provided* that neither the Company nor any Subsidiary need pay any such tax, assessment, charge or levy if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the nonpayment of all such taxes,

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assessments, charges or levies could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.5. Corporate Existence, Etc. Subject to Section 10.2, the Company will at all times preserve and keep its corporate existence in full force and effect. Subject to Section 10.2, the Company will at all times preserve and keep in full force and effect the corporate existence of each Significant Subsidiary (unless merged into the Company or a Wholly-Owned Subsidiary) and all Material rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Books and Records. The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP in all Material respects and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be. The Company will, and will cause each of its Subsidiaries to, keep books, records and accounts which, in reasonable detail, accurately reflect all transactions and dispositions of assets. The Company and its Subsidiaries have devised a system of internal accounting controls sufficient to provide reasonable assurances that their respective books, records, and accounts accurately reflect all transactions and dispositions of assets and the Company will, and will cause each of its Subsidiaries to, continue to maintain such system.

Section 9.7. Ranking of Obligations. The Company's payment obligations under this Agreement and the Notes shall at all times rank at least *pari passu*, without preference or priority, with all other unsecured and unsubordinated Indebtedness of the Company.

If the Company fails to comply with any provision of Section 9 on or after the date of this Agreement and prior to the Closing, then any of the Purchasers may elect not to purchase the Notes on the date of the Closing that is specified in Section 3.

Section 10. Negative Covenants.

From the date of this Agreement until the Closing and thereafter, so long as any of the Notes are outstanding, the Company covenants that:

Section 10.1. Transactions with Affiliates. Except as otherwise permitted by this Agreement, the Company will not, and will not permit any Significant Subsidiary to, enter into directly or indirectly any Material transaction or Material group of related transactions (including the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Company's or any Significant Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or any Significant Subsidiary, as the case may be, than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate; *provided* that the foregoing shall not prohibit (a) shared corporate or administrative services and staffing with Affiliates, including accounting,

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legal, human resources and treasury operations, provided on customary terms for similarly situated companies and otherwise as set forth above or on a fully allocated cost basis or as otherwise approved by a regulatory body and (b) transactions conducted in a manner required by applicable law, rule or regulation.

Section 10.2. Fundamental Changes. (a) The Company covenants and agrees that it will not, and will not permit any Significant Subsidiary to, without the consent of the Required Holders, enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve (or suffer any liquidation or dissolution), convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or substantially all of the consolidated assets of the Company and its Subsidiaries, taken as a whole, except

- (i) for sales, leases or rentals of property or assets in the ordinary course of business;
- (ii) that any consolidated Subsidiary of the Company may be merged or consolidated with or into the Company (*provided* that the Company shall be the continuing or surviving corporation) or with any one or more Subsidiaries of the Company (*provided* that if any such transaction shall be between a Subsidiary and a wholly-owned Subsidiary, the wholly-owned Subsidiary shall be the continuing or surviving corporation),
- (iii) any Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Company or another wholly-owned Subsidiary of the Company; and
- (iv) the Company may be merged with any other Person if:
 - (x) (i) the Company is the surviving corporation, or (ii) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease all or substantially all of the assets of the Company as an entirety, as the case may be, shall be a solvent corporation or limited liability company organized and existing under the laws of the United States or any state thereof (including the District of Columbia), and, if the Company is not such corporation or limited liability company, (A) such corporation or limited liability company shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes and (B) such corporation or limited liability company shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof;

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(y) immediately after giving effect to such merger, there shall exist no condition or event which constitutes an Event of Default or which, with the giving of notice or lapse of time or both, would constitute an Event of Default, and

(z) all representations and warranties contained in Section 5 hereof are true and correct in all material respects (except for any such representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which representation shall be true and correct in all respects) on and as of the date of the consummation of such merger, and after giving effect thereto, as though restated on and as of such date (except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (except for any such representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which representation shall be true and correct in all respects) as of such earlier date).

(b) The Company covenants and agrees that it will not, without the consent of the Required Holders, cease to own, directly or indirectly, 100% of the Equity Interests of NW Natural (other than a single share of the junior preferred capital stock of NW Natural held by an independent third party), free and clear of any lien, pledge, charge or other security interest.

Section 10.3. Line of Business. The Company will not and will not permit any Subsidiary to engage in any business if, as a result, the general nature of the businesses in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the businesses in which the Company and its Subsidiaries, taken as a whole, are engaged on the date of this Agreement.

Section 10.4. Economic Sanctions, Etc. The Company will not, and will not permit any Controlled Entity to (a) become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or (b) directly or indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction (i) would cause any Purchaser or holder or any affiliate of such Purchaser or holder to be in violation of, or subject to sanctions under, any law or regulation applicable to such holder, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions Laws.

Section 10.5. Liens. The Company will not directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to any property or asset (including any document or instrument in respect of goods or accounts receivable) of the Company, whether now owned or held or hereafter acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits, except:

(a) Liens for property taxes and assessments or governmental charges or levies and Liens securing claims or demands of mechanics and materialmen; *provided* that payment thereof is not at the time required by Section 9.4;

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(b) Liens incidental to the conduct of business or the ownership of properties and assets (including Liens in connection with worker's compensation, unemployment insurance, pensions, social security programs and other like laws, warehousemen's and attorneys' liens and statutory landlords' liens) and Liens to secure the performance of bids, tenders or trade contracts, or to secure statutory obligations, surety or appeal bonds or other Liens of like general nature, in any such case incurred in the ordinary course of business, including, without limitation, deposits and pledges of funds securing Permitted Commodity Hedging Obligations, and not in connection with the borrowing of money;

(c) Liens consisting of controls, restrictions, obligations, duties and/or other burdens imposed by federal, state, municipal or other law, or by rules, regulations or orders of Governmental Authorities, upon any property of the Company or the ownership, operation or use thereof or upon the Company with respect to any of its property or the operation or use thereof or with respect to any franchise, grant, license, permit or public purpose requirement, or any rights reserved to or otherwise vested in Governmental Authorities to impose any such controls, restrictions, obligations, duties and/or other burdens;

(d) Liens resulting from judgments or other legal proceedings, unless such judgments are not, within 60 days after entry thereof or later due date, as applicable, discharged or stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay;

(e) Liens existing as of the Closing;

(f) survey exceptions or minor encumbrances, leases or subleases granted to others, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to the use of real properties, (i) which are necessary for the conduct of the activities of the Company or which customarily exist on properties of corporations engaged in similar activities and similarly situated and (ii) which do not in any event materially impair their use in the operation of the business of the Company or the value of such properties;

(g) Liens created or incurred after the date of the Closing given to secure the payment of the purchase price incurred in connection with the acquisition or purchase or the cost of construction of property or of assets useful and intended to be used in carrying on the business of the Company, including Liens existing on such property or assets at the time of acquisition thereof or at the time of construction, as the case may be, whether or not such existing Liens were given to secure the payment of the acquisition or purchase price or cost of construction, as the case may be, of the property or assets to which they attach; *provided* that (i) the Lien shall attach solely to the property or assets acquired, purchased or constructed, (ii) such Lien shall have been created or incurred within 365 days of the date of acquisition or purchase or completion of construction, as the case may be, (iii) at the time of acquisition or purchase or of completion of construction of such property or assets, the aggregate amount remaining unpaid on all Indebtedness secured by Liens on such property or assets, whether or not assumed by the

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Company, shall not exceed an amount equal to 100% of the lesser of the total purchase price or fair market value at the time of acquisition or purchase (as determined in good faith by a Senior Financial Officer of the Company) or the cost of construction on the date of completion thereof, and (iv) at the time of creation, issuance, assumption, guarantee or incurrence of the Indebtedness secured by such Lien and after giving effect thereto and to the application of the proceeds thereof, no Default or Event of Default would exist;

(h) any Lien existing on property or assets of a Person at the time such Person is consolidated with or merged into the Company, or any Lien existing on any property or assets acquired by the Company at the time such property or assets are so acquired (whether or not the Indebtedness secured thereby shall have been assumed), *provided* that each such Lien shall extend solely to the property or assets so acquired;

(i) Liens constituted by a right of set off or rights over a margin call account, or any form of cash collateral, or any similar arrangement, securing Permitted Commodity Hedging Obligations and/or Permitted Swap Contracts and/or physical trade obligations;

(j) other Liens created or incurred after the date of the Closing securing Indebtedness of the Company not otherwise permitted by clauses (a) through (i), *provided* that the aggregate principal amount of Indebtedness of the Company secured by a Lien permitted by this Section 10.5(j) shall not at any time exceed 15% of Consolidated Total Assets (determined as of the end of the then most recently ended quarterly fiscal period), *provided, further*, that notwithstanding the foregoing, the Company shall not, and shall not permit any of its Subsidiaries to, secure pursuant to this Section 10.5(j) any Indebtedness outstanding under or pursuant to any Material Credit Facility for which the Company is a borrower or a full recourse guarantor unless and until the Notes (and any guaranty delivered in connection therewith) shall concurrently be secured equally and ratably with such Indebtedness pursuant to documentation reasonably acceptable to the Required Holders in substance and in form, including an intercreditor agreement and opinions of counsel to the Company and/or any such Subsidiary, as the case may be, from counsel that is reasonably acceptable to the Required Holders; and

(k) any extension, renewal or refunding of any Lien permitted by the preceding clauses (e), (g) and (h) of this Section 10.5 in respect of the same property theretofore subject to such Lien in connection with the extension, renewal or refunding of the Indebtedness secured thereby; *provided* that (i) such extension, renewal or refunding of Indebtedness shall be without increase in the principal amount remaining unpaid as of the date of such extension, renewal or refunding, (ii) such Lien shall attach solely to the same such property, (iii) the principal amount remaining unpaid as of the date of such extension, renewal or refunding of Indebtedness is less than or equal to the fair market value of the property (determined in good faith by the Board or Directors of the Company) to which such Lien is attached, and (iv) at the time of such extension, renewal or refunding and after giving effect thereto, no Default or Event of Default would exist.

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Section 10.6. Maintenance of Consolidated Indebtedness to Total Capitalization. The Company covenants and agrees that, as at the end of any fiscal quarter of the Company, it will not permit Consolidated Indebtedness to be greater than 70% of Total Capitalization.

Section 10.7. Subsidiary Guarantors. The Company will not permit any of its Subsidiaries to guarantee or otherwise become liable at any time, whether as a borrower or an additional or co-borrower or otherwise, for or in respect of any Indebtedness of the Company under any Material Credit Facility for which the Company is a borrower.

Section 10.8. Subsidiary Dividends. The Company will not permit to exist any contractual restriction or other restriction in the certificate of incorporation or bylaws of NW Natural, on the ability of NW Natural to pay dividends to the Company, other than any provision which restricts the ability of the utility to pay dividends to the Company that is required by any utility regulatory commission with jurisdiction over the Company or such Subsidiary.

Section 10.9. Restricted Payments. The Company shall not at any time, declare or make, or incur any liability to declare or make, any Restricted Payment unless:

- (a) such Restricted Payment would not violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company; and
- (b) immediately after giving effect to such action no Default or Event of Default would exist.

If the Company fails to comply with any provision of Section 10 on or after the date of this Agreement and prior to the Closing, then any of the Purchasers may elect not to purchase the Notes on the date of the Closing that is specified in Section 3.

Section 11. Events of Default.

An “Event of Default” shall exist if any of the following conditions or events shall occur and be continuing:

- (a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or
- (b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or
- (c) the Company defaults in the performance of or compliance with any term contained in Section 7.1(d) or Sections 10.2 or 10.6; or
- (d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in Sections 11(a), (b) and (c)) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer

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obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this Section 11(d)); or

(e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Company or any Significant Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least \$50,000,000 (or its equivalent in the relevant currency of payment) beyond any period of grace provided with respect thereto, or (ii) the Company or any Significant Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least \$50,000,000 (or its equivalent in the relevant currency of payment) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment; or

(g) the Company or any Significant Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or other Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any Significant Subsidiary, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any Significant Subsidiary, or any such petition shall be filed against the Company or any Significant Subsidiary and such petition shall not be dismissed within 60 days; or

(i) any event occurs with respect to the Company or any Significant Subsidiary which under the laws of any jurisdiction is analogous to any of the events described in Section 11(g) or Section 11(h), *provided* that the applicable grace period, if

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any, which shall apply shall be the one applicable to the relevant proceeding which most closely corresponds to the proceeding described in Section 11(g) or Section 11(h); or

(j) one or more final judgments or orders for the payment of money aggregating in excess of \$15,000,000 (or its equivalent in the relevant currency of payment), including any such final order enforcing a binding arbitration decision, are rendered against one or more of the Company and any Significant Subsidiary and which judgments are not, within 60 days after entry thereof or later due date, as applicable, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(k) an ERISA Event shall have occurred (other than NW Natural's December 22, 2013 withdrawal from the Western States Office and Professional Employees International Union Pension Fund) that, in the opinion of the Required Holders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect.

Section 12. Remedies on Default, Etc.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in Section 11(g), (h) or (i) (other than an Event of Default described in clause (i) of Section 11(g) or described in clause (vi) of Section 11(g) by virtue of the fact that such clause encompasses clause (i) of Section 11(g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a) or (b) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon (including interest accrued thereon at the applicable Default Rate) and (y) the Make-Whole Amount determined in respect of such principal amount, shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

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Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission. At any time after any Notes have been declared due and payable pursuant to Section 12.1(b) or (c), the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including reasonable attorneys' fees, expenses and disbursements.

Section 13. Registration; Exchange; Substitution of Notes.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. If any holder of one or more Notes is a nominee, then (a) the name and address of the beneficial owner of such Note or Notes shall also be registered in such register as an owner and holder thereof and (b) at any such beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent pursuant to this Agreement. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be

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affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes. Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)), for registration of transfer or exchange (and in the case of a surrender for registration of transfer, accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within 10 Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes of the same series (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Schedule 1A or 1B, as appropriate. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes of a series, one Note of such series may be in a denomination of less than \$100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representations set forth in Sections 6.1 and 6.2.

Section 13.3. Replacement of Notes. Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$50,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within 10 Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

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Section 14. Payments on Notes.

Section 14.1. Place of Payment. Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of Bank of America, N.A. in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Payment by Wire Transfer. So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay or cause to be paid all sums becoming due on such Note for principal, Make-Whole Amount, if any, interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose below such Purchaser's name in the Purchaser Schedule, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 14.2.

Section 14.3. FATCA Information. By acceptance of any Note, the holder of such Note agrees that such holder will with reasonable promptness duly complete and deliver to the Company, or to such other Person as may be reasonably requested by the Company, from time to time (a) in the case of any such holder that is a United States Person, such holder's United States tax identification number or other forms reasonably requested by the Company necessary to establish such holder's status as a United States Person under FATCA and as may otherwise be necessary for the Company to comply with its obligations under FATCA and (b) in the case of any such holder that is not a United States Person, such documentation prescribed by applicable law (including as prescribed by section 1471(b)(3)(C)(i) of the Code) and such additional documentation as may be necessary for the Company to comply with its obligations under FATCA and to determine that such holder has complied with such holder's obligations under FATCA or to determine the amount (if any) to deduct and withhold from any such payment made to such holder. Nothing in this Section 14.3 shall require any holder to provide information that is confidential or proprietary to such holder unless the Company is required to obtain such information under FATCA and, in such event, the Company shall treat any such information it receives as confidential.

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Section 15. Expenses, Etc.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes and (c) the costs and expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information with the SVO *provided*, that such costs and expenses under this clause (c) shall not exceed \$5,000. If required by the NAIC, the Company shall obtain and maintain at its own cost and expense a Legal Entity Identifier (LEI).

The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, (i) all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes), (ii) any and all wire transfer fees that any bank or other financial institution deducts from any payment under such Note to such holder or otherwise charges to a holder of a Note with respect to a payment under such Note and (iii) any judgment, liability, claim, order, decree, fine, penalty, cost, fee, expense (including reasonable attorneys' fees and expenses) or obligation resulting from the consummation of the transactions contemplated hereby, including the use of the proceeds of the Notes by the Company.

Section 15.2. Certain Taxes. The Company agrees to pay all stamp, documentary or similar taxes or fees which may be payable in respect of the execution and delivery or the enforcement of this Agreement or the execution and delivery (but not the transfer) or the enforcement of any of the Notes in the United States or any other jurisdiction where the Company has assets or of any amendment of, or waiver or consent under or with respect to, this Agreement or of any of the Notes, and to pay any value added tax due and payable in respect of reimbursement of costs and expenses by the Company pursuant to this Section 15, and will save each holder of a Note to the extent permitted by applicable law harmless against any loss or liability resulting from nonpayment or delay in payment of any such tax or fee required to be paid by the Company hereunder.

Section 15.3. Survival. The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

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Section 16. Survival of Representations and Warranties; Entire Agreement

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

Section 17. Amendment and Waiver.

Section 17.1. Requirements. This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), only with the written consent of the Company and the Required Holders, except that:

- (a) no amendment or waiver of any of Sections 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing; and
- (b) no amendment or waiver may, without the written consent of each Purchaser and the holder of each Note at the time outstanding, (i) subject to Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of (x) interest on the Notes or (y) the Make-Whole Amount, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any amendment or waiver, (iii) change the principal amount of the Notes that the Purchasers are to purchase pursuant to Section 2 upon the satisfaction of the conditions to Closing that appear in Section 4 or (iv) amend any of Sections 8 (except as set forth in the second sentence of Section 8.2), 11(a), 11(b), 12, 17 or 20.

Section 17.2. Solicitation of Holders of Notes.

(a) *Solicitation.* The Company will provide each Purchaser and holder of a Note, as applicable, with sufficient information, sufficiently far in advance of the date a decision is required, to enable such Purchaser or such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to this Section 17 to each Purchaser and each holder of a Note, as applicable, promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite Purchasers and holders of Notes.

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(b) *Payment.* The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any Purchaser or holder of a Note as consideration for or as an inducement to the entering into by such Purchaser or holder of any waiver or amendment of any of the terms and provisions hereof or any Note unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each Purchaser and each holder of a Note even if such Purchaser or such holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer.* Any consent given pursuant to this Section 17 by a Purchaser or a holder of a Note that has transferred or has agreed to transfer its Note to (i) the Company, (ii) any Subsidiary or any other Affiliate or (iii) any other Person in connection with, or in anticipation of, such other Person acquiring, making a tender offer for or merging with the Company and/or any of its Affiliates, in each case in connection with such consent, shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

Section 17.3. Binding Effect, Etc. Any amendment or waiver consented to as provided in this Section 17 applies equally to all Purchasers and holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any Purchaser or any holder of a Note and no delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note.

Section 17.4. Notes Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

Section 18. Notices.

Except to the extent otherwise provided in Section 7.4, all notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by an internationally recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by an internationally recognized overnight delivery service (charges prepaid). Any such notice must be sent:

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- (i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in the Purchaser Schedule, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,
- (ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or
- (iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

Section 19. Reproduction of Documents.

This Agreement and all documents relating thereto, including (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

Section 20. Confidential Information.

For the purposes of this Section 20, “**Confidential Information**” means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser’s behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to

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(i) its affiliates and its and their respective directors, officers, employees (legal and contractual), agents, attorneys, trustees and partners (collectively, “**Related Persons**”) (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes) and such disclosure is made on a confidential basis, (ii) its auditors, financial advisors, investment advisors and other professional advisors and in the case of any Purchaser or holder that is a Related Fund, to the extent such disclosure reasonably relates to the administration and/or selection of the investment represented by such Related Fund’s Notes, to its investors and partners and their Related Persons, in each case under this clause (ii) who agree to hold confidential the Confidential Information substantially in accordance with this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (v) any Person from which it offers to purchase any Security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser’s investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate, (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser’s Notes or this Agreement. Notwithstanding the foregoing, in the event that a Purchaser or holder is compelled to disclose Confidential Information pursuant to clause (viii)(w) (except where disclosure of the purchase of the Notes is to be made to any supervisory or regulatory body during the normal course of its exercise of its regulatory or supervisory function over such Purchaser and consistent with such Purchaser’s usual practice), (viii)(x) or (viii)(y) of the preceding sentence, such Purchaser or holder shall use its reasonable best efforts to give the Company prompt notice of such pending disclosure and, to the extent practicable, the opportunity to seek a protective order or to pursue such further legal action as may be necessary to preserve the privileged nature and confidentiality of the Confidential Information. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying this Section 20.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or holder of a Note is required to agree to a confidentiality undertaking (whether through Intralinks, another secure website, a secure virtual workspace or otherwise) which is different from this Section 20, this Section 20 shall not be amended thereby and, as between such Purchaser or such holder and the Company, this Section 20 shall supersede any such other confidentiality undertaking.

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Section 21. Substitution of Purchaser.

Each Purchaser shall have the right to substitute any one of its Affiliates or another Purchaser or any one of such other Purchaser's Affiliates (a "Substitute Purchaser") as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Substitute Purchaser, shall contain such Substitute Purchaser's agreement to be bound by this Agreement and shall contain a confirmation by such Substitute Purchaser of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Substitute Purchaser in lieu of such original Purchaser. In the event that such Substitute Purchaser is so substituted as a Purchaser hereunder and such Substitute Purchaser thereafter transfers to such original Purchaser all of the Notes then held by such Substitute Purchaser, upon receipt by the Company of notice of such transfer, any reference to such Substitute Purchaser as a "Purchaser" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Substitute Purchaser, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

Section 22. Miscellaneous.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including any subsequent holder of a Note) whether so expressed or not, except that, subject to Section 10.2, the Company may not assign or otherwise transfer any of its rights or obligations hereunder or under the Notes without the prior written consent of each holder. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

Section 22.2. Accounting Terms. (a) All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with this Agreement (including Section 9, Section 10 and the definition of "Indebtedness"), any election by the Company to measure any financial liability using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 – *Fair Value Option*, International Accounting Standard 39 – *Financial Instruments: Recognition and Measurement* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

(b) If the Company notifies the holders of the Notes that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the

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Required Holders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

(c) Notwithstanding anything to the contrary contained herein, any change in accounting for leases pursuant to GAAP resulting from the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2016-02, Leases (Topic 842) ("FAS 842"), to the extent such adoption would require treating any lease (or similar arrangement conveying the right to use) as a capital lease where such lease (or similar arrangement) would not have been required to be so treated under GAAP as in effect on December 31, 2015, such lease shall not be considered a capital lease, and all calculations (including with respect to assets and liabilities associated with such lease) and deliverables under this Agreement shall be made or delivered, as applicable, in accordance therewith.

Section 22.3. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.4. Construction, Etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Defined terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein) and, for purposes of the Notes, shall also include any such notes issued in substitution therefor pursuant to Section 13, (b) subject to Section 22.1, any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections and Schedules shall be construed to refer to Sections of, and Schedules to, this Agreement, and (e) any reference to any law or regulation herein shall, unless

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otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

Section 22.5. Counterparts; Electronic Contracting. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. The parties agree to electronic contracting and signatures with respect to this Agreement and all documents relating thereto (other than the Notes). Delivery of an electronic signature to, or a signed copy of, this Agreement and all documents relating thereto (other than the Notes) by facsimile, email or other electronic transmission shall be fully binding on the parties to the same extent as the delivery of the signed originals and shall be admissible into evidence for all purposes. The words "execution," "execute", "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and all documents relating thereto (other than the Notes) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Company, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the Electronic Commerce Security Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Notwithstanding the foregoing, if any Purchaser shall request manually signed counterpart signatures to any documents relating to the Agreement, the Company hereby agrees to use its reasonable endeavors to provide such manually signed signature pages as soon as reasonably practicable.

Section 22.6. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.7. Jurisdiction and Process; Waiver of Jury Trial. (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company agrees, to the fullest extent permitted by applicable law, that a final judgment in any suit, action or proceeding of the nature referred to in Section 22.7(a) brought in any such court shall be conclusive and binding upon it subject to rights of appeal, as the case may be, and may be enforced in the courts of the United States of America or the State of New

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York (or any other courts to the jurisdiction of which it or any of its assets is or may be subject) by a suit upon such judgment.

(c) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.7(a) by mailing a copy thereof by registered, certified, priority or express mail (or any substantially similar form of mail), postage prepaid, return receipt or delivery confirmation requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(d) Nothing in this Section 22.7 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(e) The parties hereto hereby waive trial by jury in any action brought on or with respect to this Agreement, the Notes or any other document executed in connection herewith or therewith.

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If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

Northwest Natural Holding Company

By: /s/ Brody J. Wilson

Vice President, Chief Financial Officer, Treasurer, and Chief Accounting Officer

[Signature Page to Note Purchase Agreement]

This Agreement is hereby
accepted and agreed to as
of the date hereof.

The Northwestern Mutual Life Insurance Company

By: Northwestern Mutual Investment Management Company, LLC, its investment adviser

By: */s/* Michael H. Leske
Name: Michael H. Leske
Title: Managing Director

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This Agreement is hereby
accepted and agreed to as
of the date hereof.

Homesteaders Life Company

By: MetLife Investment Management, LLC,
Its Investment Manager

By: /s/ William Gardner
Name: William Gardner
Title: Authorized Signatory

Brighthouse Life Insurance Company

By: MetLife Investment Management, LLC,
Its Investment Manager

By: /s/ William Gardner
Name: William Gardner
Title: Authorized Signatory

MetLife Insurance K.K.

By: MetLife Investment Management, LLC,
Its Investment Manager

By: /s/ William Gardner
Name: William Gardner
Title: Authorized Signatory

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This Agreement is hereby
accepted and agreed to as
of the date hereof.

Metropolitan Life Insurance Company

By: MetLife Investment Management, LLC,
Its Investment Manager

By: /s/ William Gardner
Name: William Gardner
Title: Authorized Signatory

Employers Mutual Casualty Company

By: MetLife Investment Management, LLC,
Its Investment Manager

By: /s/ William Gardner
Name: William Gardner
Title: Authorized Signatory

Horizon Blue Cross Blue Shield of New
Jersey

By: MetLife Investment Management, LLC,
Its Investment Manager

By: /s/ William Gardner
Name: William Gardner
Title: Authorized Signatory

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This Agreement is hereby
accepted and agreed to as
of the date hereof.

EMC National Life Company

By: MetLife Investment Management, LLC,
Its Investment Manager

By: /s/ William Gardner
Name: William Gardner
Title: Authorized Signatory

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This Agreement is hereby
accepted and agreed to as
of the date hereof.

American Family Mutual Insurance Company, S.I.

By: */s/* David L. Voge
Name: David L. Voge
Title: Director Private Markets

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Defined Terms

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

Affiliate means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and, with respect to the Company, shall include any Person beneficially owning or holding, directly or indirectly (other than through an index or similar fund), 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any Person of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

Agreement means this Note Purchase Agreement, including all Schedules attached to this Agreement.

Anti-Corruption Laws means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010.

Anti-Money Laundering Laws means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act) and the USA PATRIOT Act.

Bank Credit Agreement means that certain Amended and Restated Credit Agreement, dated as of November 3, 2021, by and among the Company, as the borrower, and certain banks and other financial intuitions party thereto from time to time as lenders and JPMorgan Chase Bank, N.A., as administrative agent, as amended by Amendment No. 1 dated January 1, 2023, and as the same may be further amended, restated, amended and restated, supplemented, refinanced, substituted, replaced or otherwise modified from time to time.

Benefit Plan means any of (a) an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code to which Section 4975 of the Code applies, and (c) any Person whose assets include (for purposes of the Plan Asset Regulations or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan."

Blocked Person means (a) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC, (b) a Person, entity, organization, country or regime that is blocked or a target of sanctions that have been imposed under U.S. Economic Sanctions Laws or (c) a Person that is an agent, department or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of,

SCHEDULE A (to Note Purchase Agreement)

directly or indirectly, any Person, entity, organization, country or regime described in clause (a) or (b).

“Business Day” means (a) for the purposes of Section 8.6 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Portland, Oregon are required or authorized to be closed.

“Capital Lease” means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

“Change in Control” is defined in Section 8.8.

“Change in Control Event” is defined in Section 8.8.

“Closing” is defined in Section 3.

“Code” means the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder from time to time.

“Company” is defined in the first paragraph of this Agreement.

“Confidential Information” is defined in Section 20.

“Consolidated Indebtedness” means, at a particular date, all Indebtedness, calculated for the Company and its Subsidiaries on a consolidated basis.

“Consolidated Total Assets” means all assets, calculated for the Company and its Subsidiaries on a consolidated basis.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms **“Controlled”** and **“Controlling”** shall have meanings correlative to the foregoing.

“Controlled Entity” means (a) any of the Subsidiaries of the Company and any of their or the Company’s respective Controlled Affiliates and (b) if the Company has a parent company, such parent company and its Controlled Affiliates.

“Default” means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“Default Rate” means that rate of interest per annum that is the greater of (a) 2.00% above the rate of interest stated in clause (a) of the first paragraph of the Notes or (b) 2.00% over

the rate of interest publicly announced by Bank of America, N.A. in New York, New York as its "base" or "prime" rate.

"Disclosure Documents" is defined in Section 5.3.

"Distribution" means, in respect of any corporation, association or other business entity:

(a) dividends or other distributions or payments on capital stock or other equity interest of such corporation, association or other business entity (except distributions in such stock or other equity interest); and

(b) the redemption or acquisition of such stock or other equity interests or of warrants, rights or other options to purchase such stock or other equity interests (except when solely in exchange for such stock or other equity interests) unless made, contemporaneously, from the net proceeds of a sale of such stock or other equity interests.

"EDGAR" means the SEC's Electronic Data Gathering, Analysis and Retrieval System or any successor SEC electronic filing system for such purposes.

"Environmental Laws" means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to Hazardous Materials.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest, but excluding any debt securities convertible into any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code or Section 4001(b)(1) of ERISA or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any Reportable Event; (b) the failure to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Company or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Company or any ERISA

Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Company or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal of the Company or any of its ERISA Affiliates from any Plan or Multiemployer Plan (other than with respect to NW Natural's December 22, 2013 withdrawal from the Western States Office and Professional Employees International Union Pension Fund); or (g) the receipt by the Company or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Company or any ERISA Affiliate of any notice, concerning the imposition upon the Company or any of its ERISA Affiliates of Withdrawal Liability (other than with respect to NW Natural's December 22, 2013 withdrawal from the Western States Office and Professional Employees International Union Pension Fund) or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in endangered or critical status, within the meaning of Title IV of ERISA.

“Event of Default” is defined in Section 11.

“FATCA” means (a) sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), together with any current or future regulations or official interpretations thereof, (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of the foregoing clause (a), and (c) any agreements entered into pursuant to section 1471(b)(1) of the Code.

“Fitch” means Fitch, Inc., doing business as Fitch Ratings.

“Form 10-K” is defined in Section 7.1(b).

“Form 10-Q” is defined in Section 7.1(a).

“GAAP” means (a) generally accepted accounting principles as in effect from time to time in the United States of America and (b) for purposes of Section 9.6, with respect to any Subsidiary, generally accepted accounting principles (including International Financial Reporting Standards, as applicable) as in effect from time to time in the jurisdiction of organization of such Subsidiary.

“Governmental Authority” means

- (a) the government of
 - (i) the United States of America or any state or other political subdivision thereof, or
 - (ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

“Governmental Official” means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

“Guaranty” means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

“Hazardous Materials” means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law, including asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

“holder” means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1, *provided, however*, that if such Person is a nominee, then for the purposes of Sections 7, 12, 17.2 and 18 and any related definitions in this Schedule A, “holder” shall mean the beneficial owner of such Note whose name and address appears in such register.

“Hybrid Securities” means debt or equity securities that meet the following requirements:

(a) such securities are issued by (i) the Company or (ii) a Subsidiary or an independent trust (a **Hybrid Securities Subsidiary**) that engages in no business other than the issuance of such securities and lending the proceeds thereof to the Company;

(b) each of such securities of the Company and the loans, if any, made to the Company by the applicable Hybrid Securities Subsidiary with the proceeds of such securities (i) are subordinated to the payment by the Company of its obligations hereunder in a manner reasonably satisfactory to the Required Holders and (ii) require no repayment, prepayment, mandatory redemption or mandatory repurchase prior to the date that is at least 91 days after the latest scheduled Maturity Date; and

(c) such securities are classified as possessing a minimum of at least one of the following: (x) “intermediate equity content” by S&P, (y) “Basket C equity credit” by Moody’s and (z) “50% equity credit” by Fitch.

“Indebtedness” of a Person means, at a particular date, the sum (without duplication) at such date of:

(a) indebtedness for borrowed money or for the deferred purchase price of property, goods or services, excluding (i) trade accounts payable arising in the ordinary course of business, (ii) pension liabilities that are not then due and payable and (iii) obligations in respect of Hybrid Securities that are not then due and payable,

(b) obligations of such Person under capitalized leases and synthetic leases,

(c) debts of third persons guaranteed by such Person or secured by property of such Person *provided* that the amount of Indebtedness secured by property of such Person shall be the lesser of (x) the fair market value of such property as of the date of determination and (y) the amount of the Indebtedness as of the date of determination) and

(d) any non-contingent reimbursement obligations of such Person in respect of letters of credit, acceptances or similar obligations issued or created for the account of such Person.

“INHAM Exemption” is defined in Section 6.2(e).

“Institutional Investor” means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

“Investor Presentation” is defined in Section 5.3.

“Investment Grade Rating” means, for S&P, Fitch or Moody’s, as applicable, (a) if such rating agency has a rating assigned to the Company’s senior, unsecured, non-credit enhanced long-term debt of BBB- or higher by S&P or Fitch and Baa3 or higher by Moody’s; and (b) if such rating agency does not have a rating assigned to the Company’s senior, unsecured, non-credit enhanced long-term debt but has a rating assigned to the Company’s senior, secured long-term debt, BBB or higher by S&P or Fitch and Baa2 or higher by Moody’s.

“Lien” means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

“Make-Whole Amount” is defined in Section 8.6.

“Material” means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes.

“Material Credit Facility” means, as to the Company,

(a) the Bank Credit Agreement, including any renewals, extensions, amendments, supplements, restatements, replacements or refinancing thereof; and

(b) any other agreement(s) creating or evidencing indebtedness for borrowed money entered into on or after the date of Closing by the Company, or in respect of which the Company is an obligor or otherwise provides a guarantee or other credit support (“**Credit Facility**”), in a principal amount outstanding or available for borrowing equal to or greater than \$25,000,000 (or the equivalent of such amount in the relevant currency of payment, determined as of the date of the closing of such facility based on the exchange rate of such other currency); and if no Credit Facility or Credit Facilities equal or exceed such amounts, then the largest Credit Facility shall be deemed to be a Material Credit Facility.

“Maturity Date” is defined in the first paragraph of each Note.

“Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA (excluding the Western States Office and Professional Employees International Union Pension Fund).

“NAIC” means the National Association of Insurance Commissioners.

“Non-U.S. Plan” means any plan, fund or other similar program that (a) is established or maintained outside the United States of America by the Company or any Subsidiary primarily for the benefit of employees of the Company or one or more Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and (b) is not subject to ERISA or the Code.

“Notes” is defined in Section 1.

“NW Natural” means Northwest Natural Gas Company, an Oregon corporation.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“OFAC Sanctions Program” means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

“Officer’s Certificate” means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Permitted Commodity Hedging Obligations” means obligations of the Company with respect to commodity agreements or other similar agreements or arrangements entered into in the ordinary course of business designed to protect against, or mitigate risks with respect to, fluctuations of commodity prices to which the Company is exposed in the conduct of its business so long as (a) the management of the Company has determined that entering into such agreements or arrangements are bona fide hedging activities which comply with the Company’s risk management policies and (b) such agreements or arrangements are not entered into for speculative purposes.

“Permitted Swap Contracts” means obligations of the Company with respect to Swap Contracts entered into in the ordinary course of business designed to protect against, or mitigate risks with respect to, fluctuations of interest rates to which the Company is exposed in the conduct of its business so long as (a) the management of the Company has determined that entering into such Swap Contracts are bona fide hedging activities which comply with the Company’s risk management policies and (b) such Swap Contracts are not entered into for speculative purposes.

“Person” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Company or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Plan Asset Regulations” means 29 CFR § 2510.3-101 et seq., as modified by Section 3(42) of ERISA.

“property” or “properties” means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

“PTE” is defined in Section 6.2(a).

“Purchaser” or “Purchasers” means each of the purchasers that has executed and delivered this Agreement to the Company and such Purchaser’s successors and assigns (so long as any such assignment complies with Section 13.2), *provided, however,* that any Purchaser of a Note that ceases to be the registered holder or a beneficial owner (through a nominee) of such Note as the result of a transfer thereof pursuant to Section 13.2 shall cease to be included within the meaning of “Purchaser” of such Note for the purposes of this Agreement upon such transfer.

“Purchaser Schedule” means the Purchaser Schedule to this Agreement listing the Purchasers of the Notes and including their notice and payment information.

“Qualified Institutional Buyer” means any Person who is a “qualified institutional buyer” within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

“QPAM Exemption” is defined in Section 6.2(d).

“Related Fund” means, with respect to any holder of any Note, any fund or entity that (a) invests in Securities or bank loans, and (b) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

“Reportable Event” means a reportable event, as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding any event as to which the PBGC by regulation waived the requirements of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, *provided* that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(c) of the Code.

“Required Holders” means at any time (a) prior to the Closing, the Purchasers and (b) on or after the Closing, the holders of more than 50% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

“Responsible Officer” means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

“Restricted Payment” means any Distribution in respect of any Person or any Subsidiary of such Person (other than on account of capital stock or other equity interests of a Subsidiary owned legally and beneficially by such Person or another Subsidiary of such Person), including, without limitation, any Distribution resulting in the acquisition by such Person of Securities which would constitute treasury stock. For purposes of this Agreement, the amount of any Restricted Payment made in property shall be the greater of (a) the fair market value of such property (as determined in good faith by the board of directors (or equivalent governing body) of the Person making such Restricted Payment) and (b) the net book value thereof on the books of such Person, in each case determined as of the date on which such Restricted Payment is made.

“S&P” means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

“SEC” means the Securities and Exchange Commission of the United States of America.

“Securities” or **“Security”** shall have the meaning specified in section 2(1) of the Securities Act.

“Securities Act” means the Securities Act of 1933 and the rules and regulations promulgated thereunder from time to time in effect.

“Senior Financial Officer” means the chief financial officer, principal accounting officer, or treasurer of the Company.

“Significant Subsidiary” means a Subsidiary that is a “significant subsidiary” as that term is defined in Rule 1-02(w) of Regulation S-X promulgated by the SEC (as in effect on the Execution Date); *provided* that NW Natural shall at all times be deemed a Significant Subsidiary; *provided further* that if the aggregate total assets of all Subsidiaries which are not Significant Subsidiaries exceed 15% of the Consolidated Total Assets, then all such Subsidiaries which are not Significant Subsidiaries shall be treated collectively as a single Significant Subsidiary.

“Source” is defined in Section 6.2.

“State Sanctions List” means a list that is adopted by any state Governmental Authority within the United States of America pertaining to Persons that engage in investment or other commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Economic Sanctions Laws.

“Subsidiary” means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a “Subsidiary” is a reference to a Subsidiary of the Company.

“Substitute Purchaser” is defined in Section 21.

“SVO” means the Securities Valuation Office of the NAIC.

“Swap Contract” means any interest rate or currency swap agreement, interest rate or currency future agreement, interest rate collar agreement, swap agreement (as defined in 11 U.S.C. § 101), interest rate or currency hedge agreement, and any put, call or other agreement or arrangement designed to protect a Person against fluctuations in interest rates or currency exchange rates.

“Total Capitalization” means the sum of Indebtedness, Equity Interests, additional paid-in capital and retained earnings of the Company and its Subsidiaries, taken on a consolidated basis after eliminating all intercompany items.

“United States Person” has the meaning set forth in Section 7701(a)(30) of the Code.

“U.S. Economic Sanctions Laws” means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act and any other OFAC Sanctions Program.

“USA PATRIOT Act” means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the rules and regulations promulgated thereunder from time to time in effect.

“Wholly-Owned Subsidiary” means, at any time, any Subsidiary all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part 1 of Subtitle E of Title IV of ERISA.

[Form of Series A Note]

This Note has not been registered under the Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state or foreign jurisdiction and may not be transferred or resold unless registered under the Securities Act and all applicable state or foreign securities laws or unless an exemption from the requirement for such registration is available.

Northwest Natural Holding Company

5.78% Senior Note, Series A, Due March 7, 2028

No. RA-[] [Date]
\$[] PPN 66765N A *6

For Value Received, the undersigned, Northwest Natural Holding Company (herein called the "Company"), a corporation organized and existing under the laws of the State of Oregon, hereby promises to pay to [], or registered assigns, the principal sum of [] Dollars (or so much thereof as shall not have been prepaid) on March 7, 2028 (the "Maturity Date"), with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.78% per annum, from the date hereof, payable semiannually, on the 7th day of March and September in each year, commencing with the March 7 or September 7 next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (x) on any overdue payment of interest and (y) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the Default Rate (as defined in the Note Purchase Agreement), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the Company in New York, New York, or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated December 14, 2023 (as from time to time amended, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Section 6.2 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

SCHEDULE 1A
(to Note Purchase Agreement)

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Northwest Natural Holding Company

By:
Title

[Form of Series B Note]

This Note has not been registered under the Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state or foreign jurisdiction and may not be transferred or resold unless registered under the Securities Act and all applicable state or foreign securities laws or unless an exemption from the requirement for such registration is available.

Northwest Natural Holding Company

5.84% Senior Note, Series B, Due March 7, 2029

No. RB-[_____] [Date]
\$[_____] PPN 66765N A@4

For Value Received, the undersigned, Northwest Natural Holding Company (herein called the "Company"), a corporation organized and existing under the laws of the State of Oregon, hereby promises to pay to [_____), or registered assigns, the principal sum of [_____] Dollars (or so much thereof as shall not have been prepaid) on March 7, 2029 (the "Maturity Date"), with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 5.84% per annum, from the date hereof, payable semiannually, on the 7th day of March and September in each year, commencing with the March 7 or September 7 next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (x) on any overdue payment of interest and (y) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the Default Rate (as defined in the Note Purchase Agreement), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the Company in New York, New York, or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated December 14, 2023 (as from time to time amended, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Section 6.2 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

SCHEDULE 1B
(to Note Purchase Agreement)

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Northwest Natural Holding Company

By:
Title

**Form of Opinion of In-House Counsel
For The Company**

The following opinions are to be provided by In-house counsel for the Company, subject to customary assumptions, limitations and qualifications. All capitalized terms used herein without definition shall have the meanings ascribed thereto in the Note Purchase Agreement.

1. The Company is a company duly organized and validly existing under the laws of Oregon and has the corporate power and authority to conduct its business as currently conducted, to execute and deliver the Note Purchase Agreement and the Notes and to perform the provisions thereof.

2. The Note Purchase Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.

3. The Notes being purchased by you at the Closing have been duly authorized, executed and delivered by the Company and constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

4. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority by the Company is required in connection with the execution, delivery or performance by the Company of the Note Purchase Agreement or the Notes.

5. It was not necessary in connection with the offering, sale and delivery of the Notes purchased by you at the Closing, under the circumstances contemplated by the Note Purchase Agreement, to register said Notes under the Securities Act of 1933 or to qualify an indenture in respect of the Notes under the Trust Indenture Act of 1939.

6. The execution, delivery and performance by the Company of the Note Purchase Agreement and the Notes does not and will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Significant Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter, regulations, by-laws or other constituent document or any other agreement or instrument to which the Company or any Significant Subsidiary is bound or by which the Company or any Significant Subsidiary or any of their respective properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Significant Subsidiary or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Significant Subsidiary.

7. The Company is not an "investment company" or, to the knowledge of such counsel, a Person directly or indirectly controlled by or acting on behalf of an "investment company" within the meaning of the Investment Company Act of 1940.

**SCHEDULE 4.4(a)(1)
(to Note Purchase Agreement)**

8. None of the transactions contemplated by the Note Purchase Agreement (including, without limitation, the use of the proceeds from the sale of the Notes) will violate or result in a violation of Regulation T, U or X of the Board of Governors of the United States Federal Reserve System, 12 CFR, Part 220, Part 221 and Part 224, respectively.

9. Except as disclosed in or contemplated by the Disclosure Documents, no actions, suits or proceedings are pending, or to the knowledge of such counsel threatened, against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority, except actions, suits or proceedings which (a) individually do not in any manner draw into question the validity of the Note Purchase Agreement or the Notes and (b) in the aggregate, if adversely determined, could not be reasonably expected to have a Material Adverse Effect.

4.4(a)(1)-2

**Form of Opinion of Special Counsel
For The Company**

The following opinions are to be provided by special counsel for the Company, subject to customary assumptions, limitations and qualifications. All capitalized terms used herein without definition shall have the meanings ascribed thereto in the Note Purchase Agreement.

1. The Note Purchase Agreement constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.

2. The Notes being purchased by you at the Closing constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

3. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority by the Company is required in connection with the execution, delivery or performance by the Company of the Note Purchase Agreement or the Notes.

5. It was not necessary in connection with the offering, sale and delivery of the Notes purchased by you at the Closing, under the circumstances contemplated by the Note Purchase Agreement, to register said Notes under the Securities Act of 1933 or to qualify an indenture in respect of the Notes under the Trust Indenture Act of 1939.

6. The execution, delivery and performance by the Company of the Note Purchase Agreement and the Notes does not and will not contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Significant Subsidiary under, any agreement or instrument listed on Exhibit A hereto.

7. The Company is not an "investment company" or, to the knowledge of such counsel, a Person directly or indirectly controlled by or acting on behalf of an "investment company" within the meaning of the Investment Company Act of 1940.

8. None of the transactions contemplated by the Note Purchase Agreement (including, without limitation, the use of the proceeds from the sale of the Notes) will violate or result in a violation of Regulation T, U or X of the Board of Governors of the United States Federal Reserve System, 12 CFR, Part 220, Part 221 and Part 224, respectively.

SCHEDULE 4.4(a)(2)
(to Note Purchase Agreement)

Exhibit A

1. Amended and Restated Credit Agreement dated as of November 3, 2021, as amended through Amendment No. 1 dated January 1, 2023, among Northwest Natural Holding Company and JPMorgan Chase Bank, N.A., Bank of America, N.A., U.S. Bank National Association, Wells Fargo Bank, National Association, Bank of Montreal, Canadian Imperial Bank of Commerce, and Royal Bank of Canada, TD Bank, N.A.
2. Credit Agreement dated as of September 15, 2022, among Northwest Natural Holding Company and U.S. Bank National Association and TD Bank, N.A.
3. Amended and Restated Credit Agreement dated as of November 3, 2021, as amended through Amendment No. 1 dated January 1, 2023, among Northwest Natural Gas Company and JPMorgan Chase Bank, N.A., Bank of America, N.A., U.S. Bank National Association, Wells Fargo Bank, National Association, Bank of Montreal, Canadian Imperial Bank of Commerce, and Royal Bank of Canada, TD Bank, N.A.
4. Mortgage and Deed of Trust, dated as of July 1, 1946, executed and delivered by Portland Gas & Coke Company (now Northwest Natural Gas Company) to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), as corporate trustee, as amended and supplemented by various supplemental indentures and other instruments.
5. Credit Agreement dated as of September 15, 2022, among NW Natural Water Company, LLC, Northwest Natural Holding Company, as Guarantor, and U.S Bank National Association and TD Bank, N.A.
6. Credit Agreement dated as of June 10, 2021, among NW Natural Water Company, LLC, Northwest Natural Holding Company, as Guarantor, and Bank of America, N.A. Credit Agreement dated as of June 10, 2021, among NW Natural Water Company, LLC, Northwest Natural Holding Company, as Guarantor, and Bank of America, N.A.

4.4(a)(2)-2

**Form of Opinion of Special Counsel
For The Purchasers**

[To Be Provided on a Case by Case Basis]

SCHEDULE 4.4(b)
(to Note Purchase Agreement)

Schedule 5.3

Disclosure Materials

Disclosure Documents:

- Investor Presentation, uploaded to IntraLinks on November 13, 2023.
- Company's Annual Report on Form 10-K for the year ended December 31, 2022.
- Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023, June 30, 2023 and September 30, 2023.
- Company's Current Reports on Form 8-K filed with the SEC on January 6, 2023, May 26, 2023 (Item 5.02 only), June 1, 2023, July 28, 2023, and August 7, 2023, each of which has been filed with the SEC under the Exchange Act.

SCHEDULE 5.3
(to Note Purchase Agreement)

Schedule 5.4

Subsidiaries of the Company and Ownership of Subsidiary Stock

(i) Subsidiaries:

Name	Jurisdiction	% of Shares
Northwest Natural Gas Company (dba NW Natural)	Oregon	100%
Northwest Energy Corporation ⁽¹⁾	Oregon	100%
NWN Gas Reserves LLC ⁽²⁾	Oregon	100%
NW Natural RNG Holding Company, LLC ⁽¹⁾	Oregon	100%
Lexington Renewable Energy LLC ⁽³⁾	Delaware	100% Class A Membership units BiocarbN owns 100% Class B Membership units
Dakota City Renewable Energy LLC ⁽³⁾	Delaware	100% Class A Membership units BiocarbN owns 100% Class B Membership units
NW Natural Energy, LLC	Oregon	100%
NW Natural Gas Storage, LLC ⁽⁴⁾	Oregon	100%
NNG Financial Corporation	Oregon	100%
Northwest Biogas, LLC	Oregon	100%
KB Pipeline Company ⁽⁵⁾	Oregon	100%
NW Natural Water Company, LLC	Oregon	100%
Salmon Valley Water Company ⁽⁶⁾	Oregon	100%
NW Natural Water of Oregon, LLC ⁽⁶⁾	Oregon	100%
Sunstone Water, LLC ⁽⁷⁾	Oregon	100%
Sunstone Infrastructure, LLC ⁽⁷⁾	Oregon	100%
Sunriver Water LLC (dba Sunriver Utilities Company) ⁽⁷⁾	Oregon	100%
Sunriver Environmental LLC ⁽⁷⁾	Oregon	100%
NW Natural Renewables Holdings, LLC	Oregon	100%
NW Natural Ohio Renewable Energy, LLC ⁽⁸⁾	Oregon	100%

SCHEDULE 5.4
(to Note Purchase Agreement)

NW Natural Water of Washington, LLC ⁽⁶⁾	Washington	100%
Cascadia Water, LLC ⁽⁹⁾	Washington	100%
Cascadia Infrastructure, LLC ⁽⁹⁾	Washington	100%
Suncadia Water Company, LLC ⁽⁹⁾	Washington	100%
Suncadia Environmental Company, LLC ⁽⁹⁾	Washington	100%
NW Natural Water of Idaho, LLC ⁽⁶⁾	Idaho	100%
Falls Water Co., Inc. ⁽¹⁰⁾	Idaho	100%
Gem State Water Company, LLC ⁽¹⁰⁾	Idaho	100%
Gem State Infrastructure, LLC ⁽¹⁰⁾	Idaho	100%
NW Natural Water of Texas, LLC ⁽⁶⁾	Texas	100%
Blue Topaz Water, LLC ⁽¹¹⁾	Texas	100%
Blue Topaz Infrastructure, LLC ⁽¹¹⁾	Texas	100%
T & W Water Service Company (dba Blue Topaz Utilities) ⁽¹¹⁾	Texas	100%
NW Natural Water of Arizona, LLC ⁽⁶⁾	Oregon	100%
Foothills Water & Sewer, LLC (dba Foothills Utilities) ⁽¹²⁾	Arizona	100%
Turquoise Infrastructure, LLC ⁽¹²⁾	Oregon	100%
Rose Valley Water Company, Inc. ⁽¹²⁾	Arizona	100%
NW Natural Water of California, LLC ⁽⁶⁾	Oregon	100%
Blue Diamond Water Company, LLC ⁽¹³⁾	California	100%
Blue Diamond Infrastructure, LLC ⁽¹³⁾	Oregon	100%
NW Natural Water Services, LLC (dba King Water Company) ⁽⁶⁾	Oregon	100%

(1) Wholly-owned subsidiary of Northwest Natural Gas Company; indirect wholly-owned subsidiary of Northwest Natural Holding Company.

(2) Wholly-owned subsidiary of Northwest Energy Corporation; indirect wholly-owned subsidiary of Northwest Natural Gas Company and Northwest Natural Holding Company.

(3) Wholly-owned subsidiary of NW Natural RNG Holding Company, LLC; indirect wholly-owned subsidiary of Northwest Natural Gas Company and Northwest Natural Holding Company.

(4) Wholly-owned subsidiary of NW Natural Energy, LLC; indirect wholly-owned subsidiary of Northwest Natural Holding Company.

(5) Wholly-owned subsidiary of NNG Financial Corporation; indirect wholly-owned subsidiary of Northwest Natural Holding Company.

(6) Wholly-owned subsidiary of NW Water Company, LLC; indirect wholly-owned subsidiary of Northwest Natural Holding Company.

(7) Wholly-owned subsidiary of NW Natural Water of Oregon, LLC; indirect wholly-owned subsidiary of NW Water Company, LLC and Northwest Natural Holding Company.

(8) Wholly-owned subsidiary of NW Natural Renewables Holdings, LLC; indirect wholly-owned subsidiary of Northwest Natural Holding Company.

(9) Wholly-owned subsidiary of NW Natural Water of Washington, LLC; indirect wholly-owned subsidiary of NW Water Company, LLC and Northwest Natural Holding Company.

- (10) Wholly-owned subsidiary of NW Natural Water of Idaho, LLC; indirect wholly-owned subsidiary of NW Water Company, LLC and Northwest Natural Holding Company.
- (11) Wholly-owned subsidiary of NW Natural Water of Texas, LLC; indirect wholly-owned subsidiary of NW Water Company, LLC and Northwest Natural Holding Company.
- (12) Wholly-owned subsidiary of NW Natural Water of Arizona, LLC; indirect wholly-owned subsidiary of NW Water Company, LLC and Northwest Natural Holding Company.
- (13) Wholly-owned subsidiary of NW Natural Water of California, LLC; indirect wholly-owned subsidiary of NW Water Company, LLC and Northwest Natural Holding Company.

(ii) **Affiliates:**

BiocarbN Cross River Biogas Dakota City LLC
BiocarbN Cross River Biogas Lexington LLC
Avion Water Company, Inc.

(iii) **Company's Directors and Senior Officers:**

Directors

David H. Anderson
Timothy P. Boyle
Monica Enand
Karen Lee
Honorable Dave McCurdy
Sandra McDonough
Nathan I. Partain
Jane L. Peverett
Kenneth Thrasher
Malia H. Wasson
Charles A. Wilhoite

Senior Officers

David H. Anderson
Shawn M. Filippi
Justin B. Palfreyman
MardiLyn Saathoff
Brody J. Wilson

Schedule 5.5

Financial Statements

See the Annual Report on Form 10-K for the year ended December 31, 2022 for the consolidated financial statements of the Company and its Subsidiaries as of and for the years ended December 31, 2021, 2020 and 2019, the Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 for the consolidated financial statements of the Company and its Subsidiaries as of and for the three-month periods ended March 31, 2023 and 2022, the Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 for the consolidated financial statements of the Company and its Subsidiaries as of and for the six-month periods ended June 30, 2023 and 2022, and the Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 for the consolidated financial statements of the Company and its Subsidiaries as of and for the nine-month periods ended September 30, 2023 and 2022.

SCHEDULE 5.5
(to Note Purchase Agreement)

Schedule 5.15

(a) Existing Indebtedness as of December 8, 2023

Northwest Natural Holding Company ("Holdings")

1. Amended and Restated Credit Agreement dated as of November 3, 2021, as amended through Amendment No. 1 dated January 1, 2023, among Northwest Natural Holding Company and JPMorgan Chase Bank, N.A., Bank of America, N.A., U.S. Bank National Association, Wells Fargo Bank, National Association, Bank of Montreal, Canadian Imperial Bank of Commerce, and Royal Bank of Canada, TD Bank, N.A., due November 3, 2026 ("Holdings Revolver") (\$82,000,000 principal outstanding of \$200,000,000 aggregate commitment)
2. Credit Agreement dated as of September 15, 2022, among Northwest Natural Holding Company and U.S. Bank National Association and TD Bank, N.A., due March 15, 2024 ("Holdings Term Loan") (\$100,000,000 principal outstanding)¹

See also description of Holdings' guarantees under NW Natural Water Company, LLC and Subsidiaries heading below.

Northwest Natural Gas Company

1. Amended and Restated Credit Agreement dated as of November 3, 2021, as amended through Amendment No. 1 dated January 1, 2023, among Northwest Natural Gas Company ("NW Natural") and JPMorgan Chase Bank, N.A., Bank of America, N.A., U.S. Bank National Association, Wells Fargo Bank, National Association, Bank of Montreal, Canadian Imperial Bank of Commerce, and Royal Bank of Canada, TD Bank, N.A., due November 3, 2026 ("NW Natural Revolver") (\$0 principal outstanding of \$400,000,000 aggregate commitment)
2. Northwest Natural Gas Company Commercial Paper Program dated as March 21, 2006, among NW Natural, Wells Fargo Brokerage Services, LLC, Banc of America Securities LLC, and Wells Fargo Bank, National Association, as Issuing and Paying Agent (\$11,500,000 outstanding)

¹ Holdings and its wholly-owned subsidiary Northwest Natural Water Company, LLC have each entered into interest rate swap agreements with major financial institutions—the ISDA 2002 Master Agreement dated as of November 23, 2022, by and among Holdings and U.S. Bank National Association and the ISDA 2002 Master Agreement dated as of December 21, 2022, by and among Northwest Natural Water Company, LLC and Bank of America, N.A. These swap agreements effectively convert the variable-rate debt of each of Holdings Term Loan and NW Natural Water CA 2 (defined herein) into a fixed rate. Interest payments made between the effective date and expiration date are hedged by these swap agreements.

SCHEDULE 5.15

(to Note Purchase Agreement)

<u>First Mortgage Bonds²</u>	<u>Outstanding</u>	
7.720% Series due 2025 (payable to General Electric Co)		\$20,000,000
6.520% Series due 2025 (payable to MetLife Inc)		\$10,000,000
7.050% Series due 2026 (payable to MetLife Inc)		\$20,000,000
3.211% Series due 2026 (payable to State Farm Mutual Auto Ins, New York Life Insurance Co, Teachers Insurance & Annuity Association of America, and State Farm Life & Accident Assurance Co)		\$35,000,000
7.000% Series due 2027 (payable to MetLife Inc)		\$20,000,000
2.822% Series due 2027 (payable to State Farm Mutual Auto Ins, New York Life Insurance Co, Teachers Insurance & Annuity Association of America, Southern Farm Bureau Life Insurance Co, Old Republic Insurance Co, Travelers Cos Inc, American Guaranty Title Co, Oglesby Reinsurance Co, Southern Mutual Church Insurance Co, and Lawyers Mutual Insurance Co of Kentucky)		\$25,000,000
6.650% Series due 2027 (payable to Brighthouse Life Insurance Co, First Catholic Slovak Ladies Association of the United States of America, Catholic Order of Foresters, Croatian Fraternal Union of America, KSKJ Life American Slovenian Catholic Union, US Financial Life Insurance Co, Repwest Insurance Co, National Farm Life Insurance Co, and Investors Heritage Life Insurance Co)		\$19,700,000
6.650% Series due 2028 (payable to Liberty National Life Insurance Co)		\$10,000,000
3.141% Series due 2029 (payable to State Farm Mutual Auto Ins, New York Life Insurance Co, Woodmen of the World Life Insurance Society, Travelers Cos Inc, Lincoln National Corp, Great West Casualty Co, Oglesby Reinsurance Co, Kansas City Life Insurance Co, BITCO General Insurance Corp, Old Republic General Insurance Corp, Manufacturers Alliance Insurance Co, Pennsylvania Manufacturers Indemnity Co, Old Republic Surety Co, and State Farm Life & Accident Assurance Co)		\$50,000,000
7.740% Series due 2030 (payable to Dai-ichi Life Holdings Inc Group and Funeral Directors Life Insurance Co)		\$20,000,000
7.850% Series due 2030 (payable to Dai-ichi Life Holdings Inc Group)		\$10,000,000
5.820% Series due 2032 (payable to Teachers Insurance & Annuity Association of America, MetLife Inc, Metropolitan Tower Life Insurance Co, Sentry Insurance Group, Dai-ichi Life Holdings Inc Group, William Penn Association, GBU Financial Life, National Farm Life Insurance Co, ISDA Fraternal Association and American Farm Life Insurance Co)		\$30,000,000

² First Mortgage Bonds have all been issued pursuant to that certain Mortgage and Deed of Trust, dated as of July 1, 1946, executed and delivered by Portland Gas & Coke Company (now Northwest Natural Gas Company) to Deutsche Bank Trust Company Americas (formerly known as Bankers Trust Company), as corporate trustee, as amended and supplemented by various supplemental indentures and other instruments, which has a first mortgage lien on certain gas properties owned from time to time by NW Natural.

5.75% Series due 2033 (payable to Thornburg Investment Management Inc, State Farm Mutual Auto Ins, New York Life Insurance Co, Auto-Owners Insurance Co, Lincoln National Corp, Old Republic National Title Insurance Co, Great West Casualty Co., Country Insurance & Financial Services, Western National Mutual Insurance Co, Indiana Farm Bureau Inc, Old Republic General Insurance Corp, Pennsylvania Manufacturers Association Insurance Co, Great American Contemporary Insurance Co, Vanliner Insurance Co, Michigan Millers Mutual Insurance Co, National Interstate Insurance Co, Agency Insurance Co of Maryland Inc, Republic Indemnity Co of America, Triumphe Casualty Co, and Thornburg Global Investment PLC)	\$100,000,000
5.660% Series due 2033 (payable to Athene Holding Ltd, Everlake Life Ins Co, Ameritas Investment Partners Inc, Dai-ichi Life Holdings Inc Group, and Americo Financial Life & Annuity Insurance Co)	\$40,000,000
5.18% Series due 2034 (payable to Northwestern Mutual Life Insurance Co, State Farm Life Insurance Company, State Farm Insurance Companies Employee Retirement Trust, and State Farm Life and Accident Assurance Company)	\$80,000,000
5.250% Series due 2035 (payable to Pacific Life Insurance Co)	\$10,000,000
5.23% Series due 2038 (payable to State Farm Life Insurance Company, State Farm Insurance Companies Employee Retirement Trust, State Farm Life and Accident Assurance Company, United of Omaha Life Insurance Company, and Mutual of Omaha Insurance Company)	\$50,000,000
4.000% Series due 2042 (payable to Thrivent Financial for Lutherans, Jackson National Life Insurance Co, Manulife Financial Corp, and New York Life Insurance Co)	\$50,000,000
4.136% Series due 2046 (payable to Teachers Insurance & Annuity Association of America, Dai-ichi Life Holdings Inc Group, New York Life Insurance Co, Manulife Financial Corp, Jackson National Life Insurance Co, and Indiana Farm Bureau Inc)	\$40,000,000
3.685% Series due 2047 (payable to Manulife Financial Corp, Principal Financial Group Inc, New York Life Insurance Co, and Teachers Insurance & Annuity Association of America)	\$75,000,000
4.110% Series due 2048 (payable to New York Life Insurance Co and Cumis Specialty Insurance Co Inc)	\$50,000,000
3.869% Series due 2049 (payable to Manulife Financial Corp, Pacific Life Insurance Co, Standard Insurance Co, Lincoln National Corp, Commerce Bank, Kansas City MO, Farm Bureau Life Insurance Co, Ozark National Life Insurance Co, Grange Mutual Casualty Co, Kansas City Life Insurance Co, Catholic Ladies of Columbia, and Farmers & Ranchers Life Insurance)	\$90,000,000

3.600% Series due 2050 (payable to Manulife Financial Corp, Teachers Insurance & Annuity Association of America, Penn Mutual Life Insurance Co, New York Life Insurance Co, Knights of Columbus Asset Advisors LLC, Wilton Reassurance Life Co of NY, Country Insurance & Financial Services, Lincoln National Corp, Ozark National Life Insurance Co, Indiana Farm Bureau Inc, Security Life of Denver Insurance Co, Allstate Corp, American Family Insurance Co)	\$150,000,000
3.078% Series due 2051 (payable to Dai-ichi Life Holdings Inc Group, Pacific Life Insurance Co, NLG Capital Inc, Principal Financial Group Inc, Teachers Insurance & Annuity Association of America, CNO Financial Group Inc, Lincoln National Corp, New York Life Insurance Co, Farm Bureau Life Insurance Co, Standard Insurance Co, and PFM Asset Management LLC)	\$130,000,000
4.780% Series due 2052 (payable to American International Group Inc, Northwestern Mutual Life Insurance Co, Massachusetts Mutual Life Insurance Co, New York Life Insurance Co, and Mutual of Omaha Insurance Co)	\$140,000,000
5.43% Series due 2053 (payable to American International Group Inc, Northwestern Mutual Life Insurance Co, and Massachusetts Mutual Life Insurance Co)	\$100,000,000

NW Natural Water Company, LLC and Subsidiaries

Outstanding

Credit Agreement dated as of September 15, 2022, among NW Natural Water Company, LLC, Northwest Natural Holding Company, as Guarantor, and U.S. Bank National Association and TD Bank, N.A., due March 15, 2024 ("NW Natural Water CA 1")	\$50,000,000
Credit Agreement dated as of June 10, 2021, among NW Natural Water Company, LLC, Northwest Natural Holding Company, as Guarantor, and Bank of America, N.A., due June 10, 2026 ("NW Natural Water CA 2") ³	\$55,000,000
State of Idaho Department of Environmental Quality Loan Offer, Acceptance and Contract for Drinking Water Treatment Design and Construction between Falls Water Company and State of Idaho, Department of Environmental Quality related Promissory Note Drinking Water Facility Loan between Falls Water Company, Inc. and State of Idaho, Department of Environmental Quality (DEQ Loan No. DW-9923)	\$36,052
Collateral - Pledged revenue and income to repay principal and interest. Established Reserve Account equal to \$18,764.4	

³ Holdings and its wholly-owned subsidiary Northwest Natural Water Company, LLC have each entered into interest rate swap agreements with major financial institutions—the ISDA 2002 Master Agreement dated as of November 23, 2022, by and among Holdings and U.S. Bank National Association and the ISDA 2002 Master Agreement dated as of December 21, 2022, by and among Northwest Natural Water Company, LLC and Bank of America, N.A. These swap agreements effectively convert the variable-rate debt of each of Holdings Term Loan and NW Natural Water CA 2 into a fixed rate. Interest payments made between the effective date and expiration date are hedged by these swap agreements.

Drinking Water Loan Contract DW9931 and related Promissory Note Drinking Water Facility Loan between Falls Water Company and State of Idaho, Department of Environmental Quality	\$444,054
Collateral - Pledged revenue and income to repay principal and interest. Established Reserve Account equal to \$82,089.56	
Non-Negotiable Promissory Note between Cascadia Water LLC and Lehman Enterprises, Inc.	\$847,464
Non-Negotiable Promissory Note between Gem State Water Company, LLC, Happy Valley Water System Inc and Bitterroot Water Co., Inc.	\$164,076
Wastewater Loan Contract WW1402 and related Promissory Note Wastewater Facility Loan between Falls Water Co. Inc. and State of Idaho, Department of Environmental Quality	\$994,826.65
Collateral - Pledged revenue and income to repay principal and interest. Established Reserve Account equal to \$49,592.62	
Non-Negotiable Promissory Note between Cascadia Water, LLC and Discovery Bay Village Water Company	\$50,456
Non-Negotiable Promissory Note between Cascadia Water, LLC and Discovery Bay Village Water Company	\$40,883
Drinking Water Loan Contract DW1302 and related Promissory Note Drinking Water Facility Loan between Falls Water Co. Inc. and State of Idaho, Department of Environmental Quality	\$376,783
Collateral - Pledged revenue and income to repay principal and interest. Established Reserve Account equal to \$18,555.54	
Promissory Note between Falls Water Co. Inc. and Zion First National Bank	\$634,085
Non-Negotiable Promissory Note between Cascadia Water, LLC and 2 individual private parties (names not included due to confidentiality provisions applicable thereto	\$1,457,416
Drinking Water State Revolving Non-Municipal Loan Agreement between Cascadia Water, LLC and Washington State Public Works Board and related Promissory Note issued by Aquarius Utilities LLC to State of Washington Public Works Board (Loan No. DP07-952-005)	\$100,286
Collateral - Secured by accounts, including accounts receivable, and proceeds therefrom, and the dedicated account for loan repayment	
Drinking Water State Revolving Non-Municipal Loan Agreement between Cascadia Water, LLC and Washington State Public Works Board (DP07-952-004)	\$134,654
Collateral - Secured by accounts, including accounts receivable, and proceeds therefrom, and the dedicated account for loan repayment	

Drinking Water State Revolving Non-Municipal Loan Agreement between Cascadia Water, LLC and Washington State Public Works Board (DP07-952-006)	\$143,219
Collateral - Secured by accounts, including accounts receivable, and proceeds therefrom, and the dedicated account for loan repayment	
Drinking Water State Revolving Non-Municipal Loan Agreement between Cascadia Water, LLC and Washington State Public Works Board (DP07-952-007)	\$194,664
Collateral - Secured by accounts, including accounts receivable, and proceeds therefrom, and the dedicated account for loan repayment	

**(B) Provisions Limiting or Otherwise Restricting
the Company's Incurrence of Indebtedness**

1 – Holdings Revolver - Requires the Company to maintain, as of the end of each fiscal quarter, the Consolidated Indebtedness of the Company at equal to or less than 70% of Total Capitalization of the Company, with capitalized terms as defined in Holdings Revolver.

2 – Holdings Term Loan - Requires the Company to maintain, as of the end of each fiscal quarter, the Consolidated Indebtedness of the Company at equal to or less than 70% of Total Capitalization of the Company, with capitalized terms as defined in Holdings Term Loan.

3 – NW Natural Revolver - Requires the NW Natural to maintain, as of the end of each fiscal quarter, the Consolidated Indebtedness of NW Natural at equal to or less than 70% of Total Capitalization of the Company, with capitalized terms as defined in Holdings Term Loan.

4 – NW Natural Water CA 1 - Requires the Guarantor to maintain, as of the end of each fiscal quarter, the Consolidated Indebtedness of the Guarantor at equal to or less than 70% of Total Capitalization of the Guarantor, with capitalized terms as defined in NW Natural Water CA 1.

5 – NW Natural Water CA 2 - Requires the Guarantor to maintain, as of the end of each fiscal quarter, the Consolidated Indebtedness of the Guarantor at equal to or less than 70% of Total Capitalization of the Guarantor, with capitalized terms as defined in NW Natural Water CA 2.

6 – Uncommitted Letter of Credit and Reimbursement Agreement (“LC Agreement”) to be dated as of [date on or before January 10, 2024], among NW Natural and Canadian Imperial Bank of Commerce, New York Branch - Requires the Company to maintain, as of the end of each fiscal quarter, the Consolidated Indebtedness of NW Natural at equal to or less than 70% of Total Capitalization of the NW Natural, with capitalized terms as defined in LC Agreement.

Northwest Natural Holding Company

250 SW TAYLOR STREET
PORTLAND, OREGON 97204

Information Relating to Purchasers

Name and Address of Purchaser	Principal Amount and Series of Notes to be Purchased
[Name of Purchaser]	\$
(1) All payments by wire transfer of immediately available funds to:	
	with sufficient information to identify the source and application of such funds.
(2) All notices of payments and written confirmations of such wire transfers:	
(3) E-mail address for Electronic Delivery:	
(4) All other communications:	
(5) U.S. Tax Identification Number:	

PURCHASER SCHEDULE
(to Note Purchase Agreement)

EXECUTION VERSION

**UNCOMMIMTED LETTER OF CREDIT AND
REIMBURSEMENT AGREEMENT**

dated as of

January 5, 2024

among

NORTHWEST NATURAL GAS COMPANY,

The Lenders Party Hereto

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH
as Administrative Agent

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UNCOMMITTED LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT
(this “Agreement”) dated as of January 5, 2024 among NORTHWEST NATURAL GAS COMPANY, the
LENDERS from time to time party hereto, and CANADIAN IMPERIAL BANK OF COMMERCE, NEW
YORK BRANCH, as Administrative Agent.

WHEREAS, in consideration of the premises and the mutual covenants contained herein,
the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have
the meanings specified below:

“Administrative Agent” means Canadian Imperial Bank of Commerce, New York Branch
(including its branches and affiliates), in its capacity as administrative agent for the Lenders hereunder, and
any successor appointed in accordance with Article VIII.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied
by the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK
Financial Institution.

“Affiliate” means, with respect to a specified Person, another Person that directly, or
indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control
with the Person specified.

“Agent-Related Person” has the meaning assigned to such term in Section 9.03(c).

“Alternate Base Rate” means, for any day, a rate *per annum* equal to the greatest of (a) the
Prime Rate in effect on such day and (b) the NYFRB Rate in effect on such day plus 1/2 of 1%. Any change
in the Alternate Base Rate due to a change in the Prime Rate or the NYFRB Rate shall be effective from
and including the effective date of such change in the Prime Rate or the NYFRB Rate, respectively. For
the avoidance of doubt, if the Alternate Base Rate as determined pursuant to the foregoing would be less
than 1.0%, such rate shall be deemed to be 1.0% for purposes of this Agreement.

“Ancillary Document” has the meaning assigned to it in Section 9.06(b).

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction
applicable to the Borrower or any of its Subsidiaries from time to time concerning or relating to money
laundering, bribery or corruption.

“Applicable Party” has the meaning assigned to it in Section 8.03(c).

“Applicable Percentage” means, with respect to any Lender, the percentage of such
Lender’s acquisition of participations in Letters of Credit hereunder, as such percentage may be reduced or
increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The
initial amount of each Lender’s Applicable Percentage is set forth on Schedule 2.01A, or in the Assignment
and Assumption or other documentation or record (as such term is defined in Section 9-102(a)(70) of the

New York Uniform Commercial Code) as provided in Section 9.04(b)(ii)(C), pursuant to which such Lender shall have established its Applicable Percentage, as applicable.

“Approved Electronic Platform” has the meaning assigned to it in Section 8.03(a).

“Approved Fund” has the meaning assigned to such term in Section 9.04(b).

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form (including electronic records generated by the use of an electronic platform) approved by the Administrative Agent.

“Authorized Officer” means the chief executive officer, the president, any vice president, the treasurer or any assistant treasurer of the Borrower.

“Availability Period” means the period from and including the Effective Date to but excluding the earlier of the Termination Date and the date of acceleration of the Obligations pursuant to Section 7.01.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bankruptcy Event” means, with respect to any Person, such Person becomes the subject of a voluntary or involuntary bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment or has had any order for relief in such proceeding entered in respect thereof, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, unless such ownership interest results in or provides such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permits such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code to which

Section 4975 of the Code applies, and (c) any Person whose assets include (for purposes of the Plan Asset Regulations or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Borrower” means Northwest Natural Gas Company, an Oregon corporation.

“Borrower Materials” has the meaning assigned to such term in Section 5.02.

“Business Day” means, any day (other than a Saturday or a Sunday) on which banks are open for business in New York City.

“Change in Control” means that (a)(i) either (x) a person or group (as defined in the Securities Exchange Act of 1934) has acquired more than 50% of the voting stock of Holdings or (y) a majority of the board of directors of Holdings shall cease to be composed of individuals who were members of such board on the Effective Date (“Existing Directors”) or were approved by a majority of the Existing Directors and previously approved directors; and (ii) at the time of, or at any time during the one-year period following, an event described in the preceding clause (a)(i), the Borrower either (x) has a rating that is not an Investment Grade Rating from any one of S&P, Fitch or Moody’s or (y) does not have a credit rating from at least one of S&P, Fitch or Moody’s or (b) Holdings shall cease to own, directly or indirectly, 100% of the Equity Interests of the Borrower (other than a single share of the junior preferred capital stock of the Borrower held by an independent third party), free and clear of any lien, pledge, charge or other security interest.

“Change in Law” means the occurrence, after the date of this Agreement (or, with respect to any Lender, such later date on which such Lender becomes a party to this Agreement), of: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (c) compliance by any Lender or Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender’s or Issuing Bank’s holding company, if any) with any request, rule, guideline, requirement or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder, or issued in connection therewith or in the implementation thereof, and (y) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law” regardless of the date enacted, adopted, issued or implemented.

“Charges” has the meaning assigned to it in Section 9.16.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commissions” means, collectively, the Oregon Public Utility Commission and the Washington Utilities and Transportation Commission.

“Communications” has the meaning assigned to such term in Section 8.03(c).

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are gross receipts or franchise Taxes or branch profits Taxes.

“Consolidated Indebtedness” means, at a particular date, all Indebtedness, calculated for the Borrower and its Subsidiaries on a consolidated basis.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Credit Documents” means this Agreement, including schedules and exhibits hereto, and any agreements entered into in connection herewith by the Borrower with or in favor of the Administrative Agent and/or the Lenders, including any amendments, modifications or supplements thereto or waivers thereof, UCC filings, letter of credit applications and any agreements between the Borrower and an Issuing Bank regarding the issuance by such Issuing Bank of Letters of Credit hereunder and/or the respective rights and obligations between the Borrower and such Issuing Bank in connection thereunder, including any Letter of Credit Agreement, and any other documents instruments or certificates delivered by the Borrower pursuant to the terms of any other Credit Document. Any reference in this Agreement or any other Credit Document to a Credit Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Credit Document as the same may be in effect at any and all times such reference becomes operative.

“Credit Event” means the issuance, amendment, renewal or extension of a Letter of Credit, an LC Disbursement or any of the foregoing.

“Credit Party” means the Administrative Agent, each Issuing Bank or any other Lender.

“Debt Rating” means the rating assigned by S&P or Moody’s, as applicable, to the Borrower’s senior, unsecured, non-credit enhanced long-term debt; provided that, (a) if the Borrower’s senior, unsecured, non-credit enhanced long-term debt is not rated by S&P, “Debt Rating” for S&P shall mean the rating that is one level below the rating assigned by S&P to the Borrower’s senior, secured long-term debt and (b) if the Borrower’s senior, unsecured, non-credit enhanced long-term debt is not rated by Moody’s, “Debt Rating” for Moody’s shall mean the rating that is one level below the rating assigned by Moody’s to the Borrower’s senior, secured long-term debt.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means any Lender that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its participations in Letters of Credit or (ii) pay over to any Credit Party any other amount required to be paid by it hereunder, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective participations in then outstanding Letters of Credit under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party’s receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of (A) a Bankruptcy Event or (B) a Bail-In Action.

“Dollars” or **“\$”** refers to lawful money of the United States of America.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

“Electronic Signature” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to (i) the environment, (ii) preservation or reclamation of natural resources, (iii) the management, release or threatened release of any Hazardous Material or (iv) health and safety matters.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest, but excluding any debt securities convertible into any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or Section 4001(b)(1) of ERISA or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) any Reportable Event; (b) the failure to satisfy the “minimum funding standard” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a

waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal of the Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition upon the Borrower or any of its ERISA Affiliates of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Event of Default” has the meaning assigned to such term in Section 7.01.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), gross receipts, franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. Federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Letter of Credit pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Letter of Credit (other than pursuant to an assignment request by the Borrower under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender acquired the applicable interest in a Letter of Credit or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.17(f) and (d) any withholding Taxes imposed under FATCA.

“Existing Revolving Credit Agreement” means that certain Amended and Restated Credit Agreement, dated as of November 3, 2021, by and among the Borrower, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent, as the same may be amended, restated, amended and restated, refinanced, replaced, supplemented or otherwise modified from time to time.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“Federal Funds Effective Rate” means, for any day, the rate calculated by the NYFRB based on such day’s federal funds transactions by depositary institutions, as determined in such manner as shall be set forth on the NYFRB’s Website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate; provided that if the Federal Funds Effective Rate as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

“Fitch” means Fitch, Inc., doing business as Fitch Ratings.

“Foreign Lender” means (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

“GAAP” means generally accepted accounting principles in the United States of America in effect from time to time.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Holdings” means Northwest Natural Holding Company, an Oregon corporation.

“Hostile Acquisition” means (a) the acquisition of the Equity Interests of a Person through a tender offer or similar solicitation of the owners of such Equity Interests which has not been approved (prior to such acquisition) by the board of directors (or any other applicable governing body) of such Person or by similar action if such Person is not a corporation and (b) any such acquisition as to which such approval has been withdrawn.

“Hybrid Securities” means debt or equity securities that meet the following requirements: (a) such securities are issued by (i) the Borrower or (ii) a Subsidiary or an independent trust (a **“Hybrid Securities Subsidiary”**) that engages in no business other than the issuance of such securities and lending the proceeds thereof to the Borrower; (b) each of such securities of the Borrower and the loans, if any, made to the Borrower by the applicable Hybrid Securities Subsidiary with the proceeds of such securities (i) are subordinated to the payment by the Borrower of its obligations hereunder in a manner reasonably satisfactory to the Administrative Agent and (ii) require no repayment, prepayment, mandatory redemption or mandatory repurchase prior to the date that is at least 91 days after the scheduled **“Maturity Date”** (as defined in the Existing Revolving Credit Agreement); and (c) such securities are classified as possessing a minimum of at least one of the following: (x) **“intermediate equity content”** by S&P, (y) **“Basket C equity credit”** by Moody’s and (z) **“50% equity credit”** by Fitch.

“Indebtedness” of a Person means, at a particular date, the sum (without duplication) at such date of (a) indebtedness for borrowed money or for the deferred purchase price of property, goods or services, excluding (i) trade accounts payable arising in the ordinary course of business, (ii) pension liabilities that are not then due and payable and (iii) obligations in respect of Hybrid Securities that are not then due and payable, (b) obligations of such Person under capitalized leases and synthetic leases, (c) debts of third persons guaranteed by such Person or secured by property of such Person (provided that the amount

of Indebtedness secured by property of such Person shall be the lesser of (x) the fair market value of such property as of the date of determination and (y) the amount of the Indebtedness as of the date of determination) and (d) any non-contingent reimbursement obligations of such Person in respect of letters of credit, acceptances or similar obligations issued or created for the account of such Person.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Credit Document and (b) to the extent not otherwise described in clause (a) hereof, Other Taxes.

“Indemnitee” has the meaning assigned to it in Section 9.03(b).

“Ineligible Institution” has the meaning assigned to such term in Section 9.04(b).

“Information” has the meaning assigned to it in Section 9.12.

“Investment Grade Rating” means, for S&P, Fitch or Moody’s, as applicable, (a) if such rating agency has a rating assigned to the Borrower’s senior, unsecured, non-credit enhanced long-term debt of BBB- or higher by S&P or Fitch and Baa3 or higher by Moody’s; and (b) if such rating agency does not have a rating assigned to the Borrower’s senior, unsecured, non-credit enhanced long-term debt but has a rating assigned to the Borrower’s senior, secured long-term debt, BBB or higher by S&P or Fitch and Baa2 or higher by Moody’s.

“IRS” means the United States Internal Revenue Service.

“Issuing Bank” means Canadian Imperial Bank of Commerce, New York Branch and any other Lender that agrees to act as an Issuing Bank (in each case, through itself or through one of its designated Affiliates or branch offices), each in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.06(i). Any Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term “Issuing Bank” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate. Each reference herein to the “Issuing Bank” in connection with a Letter of Credit or other matter shall be deemed to be a reference to the relevant Issuing Bank with respect thereto.

“LC Collateral Account” has the meaning assigned to such term in Section 2.06(j).

“LC Disbursement” means a payment made by an Issuing Bank pursuant to a Letter of Credit.

“LC Exposure” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Article 29(a) of the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600 (or such later version thereof as may be in effect at the applicable time) or Rule 3.13 or Rule 3.14 of the International Standby Practices, International Chamber of Commerce Publication No. 590 (or such later version thereof as may be in effect at the applicable time) or similar terms of the Letter of Credit itself, or if compliant documents have been presented but not yet honored, such Letter of Credit shall be deemed to be “outstanding” and “undrawn” in the amount so remaining available to be paid, and the obligations of the Borrower and each Lender shall remain in full force and effect until the Issuing Banks and the

Lenders shall have no further obligations to make any payments or disbursements under any circumstances with respect to any Letter of Credit.

“Lender Parent” means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“Lender-Related Person” has the meaning assigned to it in Section 9.03(d).

“Lenders” means the Persons listed on Schedule 2.01A and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption or otherwise, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption or otherwise. Unless the context otherwise requires, the term “Lenders” includes the Issuing Banks.

“Letter of Credit” means any letter of credit issued pursuant to this Agreement.

“Letter of Credit Agreement” has the meaning assigned to it in Section 2.06(b).

“Liabilities” means any losses, claims (including intraparty claims), demands, damages or liabilities of any kind.

“Margin Stock” means margin stock within the meaning of Regulations T, U and X, as applicable.

“Material Adverse Effect” means a material adverse effect on (a) the operations, the business or financial condition of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower to perform any of its Obligations or (c) the validity or enforceability of this Agreement or any and all other Credit Documents or the rights or remedies of the Administrative Agent and the Lenders thereunder.

“Maximum Rate” has the meaning assigned to it in Section 9.16.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“NYFRB” means the Federal Reserve Bank of New York.

“NYFRB’s Website” means the website of the NYFRB at <http://www.newyorkfed.org> or any successor source.

“NYFRB Rate” means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term “NYFRB Rate” means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative Agent from a federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, the Borrower and its Subsidiaries arising under any Credit Document or otherwise with respect

to any Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Borrower or any Affiliate thereof of any proceeding under any debtor relief laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed or allowable claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay interest, Letter of Credit commissions, charges, expenses, fees, indemnities and other amounts payable by the Borrower under any Credit Document and (b) the obligation of the Borrower to reimburse any amount in respect of any of the foregoing that the Administrative Agent or any Lender, in each case in its sole discretion, may elect to pay or advance on behalf of the Borrower.

“OFAC” means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Letter of Credit or Credit Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Credit Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19).

“Overnight Bank Funding Rate” means, for any day, the rate comprised of both overnight federal funds and overnight eurodollar transactions denominated in Dollars by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on the NYFRB’s Website from time to time, and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate.

“Participant” has the meaning assigned to such term in Section 9.04(c).

“Participant Register” has the meaning assigned to such term in Section 9.04(c).

“Patriot Act” has the meaning assigned to such term in Section 9.14.

“Payment” has the meaning assigned to such term in Section 8.06(c).

“Payment Notice” has the meaning assigned to such term in Section 8.06(c).

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect

of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Plan Asset Regulations” means 29 CFR § 2510.3-101 et seq., as modified by Section 3(42) of ERISA.

“Platform” has the meaning assigned to such term in Section 5.02.

“Prime Rate” means the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“Proceeding” means any claim, litigation, investigation, action, suit, arbitration or administrative, judicial or regulatory action or proceeding in any jurisdiction.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Lender” has the meaning assigned to such term in Section 5.02.

“Recipient” means (a) the Administrative Agent, (b) any Lender and (c) any Issuing Bank, as applicable.

“Register” has the meaning assigned to such term in Section 9.04(b).

“Regulation D” means Regulation D of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation T” means Regulation T of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation U” means Regulation U of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation X” means Regulation X of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents, advisors and representatives of such Person and such Person’s Affiliates.

“Reportable Event” means a reportable event, as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding any event as to which the PBGC by regulation waived the requirements of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any

such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(c) of the Code.

“Required Filings” means (a) the filing made by the Borrower on or about October 24, 2023 with the Oregon Public Utility Commission, requesting approval of this Agreement, which was obtained by Order No. 23-447 in docket UF4349 of such Commission entered November 28, 2023 (and any supplemental filings in respect thereof), and (b) the notice filing made by the Borrower on or about December 18, 2023 with the Washington Utilities and Transportation Commission (and any supplemental notices in respect of this Agreement thereto), in each case which filings and notices shall be in full force and effect.

“Required Lenders” means, subject to Section 2.21, at any time, Lenders having Applicable Percentages representing more than 50% of the sum of aggregate Applicable Percentages at such time.

“Requirement of Law” means, as to any Person, the certificate of incorporation and bylaws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or order or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means the chief executive officer, the president, any senior vice president, the chief financial officer, the chief accounting officer, the treasurer or the general counsel of the Borrower.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“Sanctioned Country” means, at any time, a country, region or territory (other than the United States or any region or territory therein) which is itself the subject or target of any Sanctions (at the time of this Agreement, the so-called Donetsk People’s Republic, the so-called Luhansk People’s Republic, the Crimea Region of Ukraine, Cuba, Iran, North Korea and Syria).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, any European Union member state, His Majesty’s Treasury of the United Kingdom, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b), or (d) any Person otherwise the subject of any Sanctions.

“Sanctions” means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state, His Majesty’s Treasury of the United Kingdom or other relevant sanctions authority.

“SEC” means the Securities and Exchange Commission of the United States of America.

“Securities Act” means the United States Securities Act of 1933.

“Significant Subsidiary” means a Subsidiary that is a “significant subsidiary” as that term is defined in Rule 1-02(w) of Regulation S-X promulgated by the SEC (as in effect on the Effective Date).

“subsidiary” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent and/or one or more subsidiaries of the parent.

“Subsidiary” means any subsidiary of the Borrower.

“Swap Agreement” means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), value added taxes, or any other goods and services, use or sales taxes, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Termination Date” has the meaning assigned to such term in Section 2.09.

“Total Capitalization” means the sum of Indebtedness, Equity Interests, additional paid-in capital and retained earnings of the Borrower and its Subsidiaries, taken on a consolidated basis after eliminating all intercompany items.

“Transactions” means the execution and delivery by the Borrower of, and the performance by the Borrower of its obligations under, this Agreement and the other Credit Documents and the issuance of Letters of Credit hereunder.

“UK Financial Institutions” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“U.S. Person” means a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in Section 2.17(f)(ii)(B)(3).

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part 1 of Subtitle E of Title IV of ERISA.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02 Intentionally Omitted.

SECTION 1.03 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. The word “law” shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law, rule or regulation herein shall, unless otherwise specified, refer to such law, rule or regulation as amended, modified or supplemented from time to time and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04 Accounting Terms; GAAP; Pro Forma Calculations. (a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used

herein shall be construed, and all computations of amounts and ratios referred to herein shall be made without giving effect to (i) any election under Financial Accounting Standards Board Accounting Standards Codification 825 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at “fair value”, as defined therein and (ii) any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

(b) All pro forma computations required to be made hereunder giving effect to any acquisition or disposition, or issuance, incurrence or assumption of Indebtedness, or other transaction shall in each case be calculated giving pro forma effect thereto (and, in the case of any pro forma computation made hereunder to determine whether such acquisition or disposition, or issuance, incurrence or assumption of Indebtedness, or other transaction is permitted to be consummated hereunder, to any other such transaction consummated since the first day of the period covered by any component of such pro forma computation and on or prior to the date of such computation) as if such transaction had occurred on the first day of the period of four consecutive fiscal quarters ending with the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 5.01(a) or 5.01(b) (or, prior to the delivery of any such financial statements, ending with the last fiscal quarter included in the financial statements referred to in Section 3.03(a)), and, to the extent applicable, to the historical earnings and cash flows associated with the assets acquired or disposed of (but without giving effect to any synergies or cost savings) and any related incurrence or reduction of Indebtedness, all in accordance with Article 11 of Regulation S-X under the Securities Act. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Swap Agreement applicable to such Indebtedness).

(c) Notwithstanding anything to the contrary contained in Section 1.04(a), any change in accounting for leases pursuant to GAAP resulting from the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2016-02, Leases (Topic 842) (“FAS 842”), to the extent such adoption would require treating any lease (or similar arrangement conveying the right to use) as a capital lease where such lease (or similar arrangement) would not have been required to be so treated under GAAP as in effect on December 31, 2015, such lease shall not be considered a capital lease, and all calculations (including with respect to assets and liabilities associated with such lease) and deliverables under this Agreement or any other Credit Document shall be made or delivered, as applicable, in accordance therewith.

SECTION 1.05 Intentionally Omitted.

SECTION 1.06 Divisions. For all purposes under the Credit Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its Equity Interests at such time.

SECTION 1.07 Intentionally Omitted.

SECTION 1.08 Intentionally Omitted.

SECTION 1.09 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the amount of such Letter of Credit available to be drawn at such time; provided that with respect to any Letter of Credit that, by its terms or the terms of any Letter of Credit Agreement related thereto, provides for one or more automatic increases in the available amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum amount is available to be drawn at such time.

ARTICLE II

The Credits

SECTION 2.01 No Commitments. The Borrower acknowledges and agrees that neither the Administrative Agent, any Issuing Bank nor any Lender has any obligation to issue, amend, renew or extend any Letter of Credit under this Agreement and that the issuance, amendment, renewal or extension of one or more Letters of Credit under this Agreement shall not obligate the Administrative Agent, any Issuing Bank or any Lender to issue, amend, renew or extend any future Letter of Credit under this Agreement. Without limiting the foregoing, nothing contained in this Agreement shall be deemed to create any commitment on the part of the Administrative Agent, any Issuing Bank or any Lender to issue, amend, renew or extend any Letter of Credit hereunder or to affect, impair or diminish the right of the Administrative Agent, each Issuing Bank and each Lender, in its sole discretion, to refuse to issue, amend, renew or extend any requested letter of Credit. In furtherance of this Section 2.01, the Borrower expressly agrees that no course of action or conduct shall obligate the Administrative Agent, any Issuing Bank or any Lender to issue, amend, renew or extend any Letter of Credit.

SECTION 2.02 Intentionally Omitted.

SECTION 2.03 Intentionally Omitted.

SECTION 2.04 Intentionally Omitted.

SECTION 2.05 Intentionally Omitted.

SECTION 2.06 Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit denominated in Dollars as the applicant thereof for the support of its or its Subsidiaries' obligations, in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any Letter of Credit Agreement, the terms and conditions of this Agreement shall control. Notwithstanding anything herein to the contrary, no Issuing Bank shall have any obligation hereunder to issue any Letter of Credit. In no event shall the proceeds of any Letter of Credit be made available to any Person (i) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is the subject of any Sanctions, (ii) in any manner that would result in a violation of any Sanctions by any party to this Agreement or (iii) in any manner that would result in a violation of one or more policies of such Issuing Bank applicable to letters of credit generally.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Issuing Bank) to the applicable Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment,

renewal or extension, but in any event no less than three (3) Business Days) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. In addition, as a condition to any such Letter of Credit issuance, the Borrower shall have entered into a continuing agreement (or other letter of credit agreement) for the issuance of letters of credit and/or shall submit a letter of credit application, in each case, as required by the applicable Issuing Bank and using such Issuing Bank's standard form (each, a "Letter of Credit Agreement").

Without limitation of the foregoing, an Issuing Bank shall not be under any obligation to issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from issuing such Letter of Credit, or any law applicable to such Issuing Bank shall prohibit, or require that such Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital or liquidity requirement (for which such Issuing Bank is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon such Issuing Bank any unreimbursed loss, cost or expense that was not applicable on the Effective Date and that such Issuing Bank in good faith deems material to it; or

(ii) the issuance of such Letter of Credit would violate one or more policies of such Issuing Bank applicable to letters of credit generally.

(c) Expiration Date. Each Letter of Credit shall expire (or be subject to termination by notice from the applicable Issuing Bank to the beneficiary thereof) at or prior to the close of business on the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension); provided that notwithstanding the foregoing, no Letter of Credit shall be issued if the expiration date thereof shall be a date on or after the Termination Date as in effect on the date of the issuance of such Letter of Credit.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of such Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If any Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit issued by such Issuing Bank, the Borrower shall reimburse such LC Disbursement by

paying to the Administrative Agent in Dollars the amount equal to such LC Disbursement, calculated as of the date such Issuing Bank made such LC Disbursement not later than 12:00 noon, New York City time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., New York City time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 12:00 noon, New York City time, on the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower solely by wire transfer of immediately available funds by 12:00 noon, New York City time (or, with respect to any notice which shall have been received after 10:00 a.m. but at or before 1:00 p.m., New York City time, by 3:00 p.m., New York City time), to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders, and the Administrative Agent shall promptly pay to such Issuing Bank the amounts so received by it from the Lenders. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any payment due under this clause (e) that such Lender will not make available to the Administrative Agent such Lender's share of such payment, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with this paragraph (e) and may, in reliance upon such assumption, make available to the applicable Issuing Bank a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable payment available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the applicable Issuing Bank to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the Alternate Base Rate. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to such Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse such Issuing Bank for any LC Disbursement shall not constitute a loan or advance and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit, any Letter of Credit Agreement or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor the Issuing Banks, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes

beyond the control of the applicable Issuing Bank; provided that the foregoing shall not be construed to excuse such Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of an Issuing Bank (as finally determined by a non-appealable judgment of court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the applicable Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy or electronic mail) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If such Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the reimbursement is due and payable, at the Alternative Base Rate and such interest shall be due and payable on the date when such reimbursement is payable; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13 shall apply. Interest accrued pursuant to this paragraph shall be for the account of such Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement and Resignation of Issuing Bank.

(i) Any Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the replaced Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit then outstanding and issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit or extend or otherwise amend any existing Letter of Credit.

(ii) Subject to the appointment and acceptance of a successor Issuing Bank, any Issuing Bank may resign as an Issuing Bank at any time upon thirty days' prior written notice to the Administrative Agent, the Borrower and the Lenders, in which case, such resigning Issuing Bank shall be replaced in accordance with Section 2.06(i)(i) above.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the Obligations have been accelerated, Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders (the "LC Collateral Account"), an amount in cash equal to 100% of the amount of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 7.01(g) or (h). Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account and the Borrower hereby grants to the Administrative Agent a security interest in the LC Collateral Account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse any applicable Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the Obligations have been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other Obligations. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all Events of Default have been cured or waived.

(k) Letters of Credit Issued for Account of Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder supports any obligations of, or is for the account of, a Subsidiary, or states that a Subsidiary is the "account party," "applicant," "customer," "instructing party," or the like of or for such Letter of Credit, and without derogating from any rights of the applicable Issuing Bank (whether arising by contract, at law, in equity or otherwise) against such Subsidiary in respect of such Letter of Credit, the Borrower (i) shall reimburse, indemnify and compensate the applicable Issuing Bank hereunder for such Letter of Credit (including to reimburse any and all drawings thereunder) as if such Letter of Credit had been issued solely for the account of the Borrower and (ii) irrevocably waives any and all defenses that might otherwise be available to it as a guarantor or surety of any or all of the obligations of such Subsidiary in respect of such Letter of Credit. The Borrower hereby acknowledges that the issuance of such Letters of Credit for its Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

(l) Issuing Bank Agreements. Unless otherwise requested by the Administrative Agent, each Issuing Bank shall report in writing to the Administrative Agent (i) promptly following the end of each calendar month, the aggregate amount of Letters of Credit issued by it and outstanding at the end of such month, (ii) on or prior to each Business Day on which such Issuing Bank expects to issue, amend, renew or extend any Letter of Credit, the date of such issuance, amendment, renewal or extension, and the aggregate face amount of the Letter of Credit to be issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension occurred (and whether

the amount thereof changed), it being understood that such Issuing Bank shall not permit any issuance, renewal, extension or amendment resulting in an increase in the amount of any Letter of Credit to occur without first obtaining written confirmation from the Administrative Agent that it is then permitted under this Agreement, (iii) on each Business Day on which such Issuing Bank makes any payment under any Letter of Credit, the date of such payment under such Letter of Credit and the amount of such payment, (iv) on any Business Day on which the Borrower fails to reimburse any payment under any Letter of Credit required to be reimbursed to such Issuing Bank on such day, the date of such failure and the amount of such payment and (v) on any other Business Day, such other information as the Administrative Agent shall reasonably request.

SECTION 2.07 Intentionally Omitted.

SECTION 2.08 Intentionally Omitted.

SECTION 2.09 Termination. Notwithstanding anything herein to the contrary, (a) the Borrower may in its sole discretion elect to, (b) the Administrative Agent may in its sole discretion elect to, or (c) upon the election of the Required Lenders in their sole discretion by written request to the Administrative Agent shall, terminate the facility evidenced by this Agreement (regardless of whether any Event of Default has occurred or is continuing at the time such election occurs) (the date of such termination being the “Termination Date”). Upon such termination, at the demand of the Administrative Agent, the Borrower will (i) pay in full all outstanding LC Disbursements, all interest accrued and unpaid thereon and all other amounts payable under this Agreement and (ii) (A) if the Borrower shall terminate pursuant to clause (a) above, or (B) if, at the time of termination by the Administrative Agent or the Required Lenders pursuant to clause (b) or (c) above, as applicable, an Event of Default has occurred and is continuing, deposit in the LC Collateral Account, in the name of the Administrative Agent for the benefit of the Lenders, in same day funds, an amount equal to 100% of the aggregate undrawn amount of all outstanding Letters of Credit at such time, which amount shall thereafter be held, administered, applied and released (as applicable) in accordance with Section 2.06(j).

SECTION 2.10 Intentionally Omitted.

SECTION 2.11 Intentionally Omitted.

SECTION 2.12 Fees. (a) [Reserved].

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at a per annum rate equal to 0.65% on the average daily amount of such Lender’s LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the date on which such Lender ceases to have any LC Exposure, as well as such Issuing Bank’s standard fees and commissions with respect to the issuance, amendment, cancellation, negotiation, transfer, presentment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees accrued through and including the last day of March, June, September and December of each year shall be payable on the fifteenth day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Obligations are accelerated hereunder and any such fees accruing after such date shall be payable on demand. Any other fees payable to any Issuing Bank pursuant to this paragraph shall be payable within ten (10) days after demand. All participation fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) [Reserved].

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to an Issuing Bank, in the case of fees payable to it) for distribution, in the case of facility fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13 Interest. (a) Notwithstanding anything to the contrary in this Agreement, if any amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amounts shall bear interest, after as well as before judgment, at a rate per annum equal to 2% plus the Alternative Base Rate.

(b) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Alternate Base Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14 Intentionally Omitted.

SECTION 2.15 Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender or any Issuing Bank;

(ii) impose on any Lender or any Issuing Bank or the applicable offshore interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or any Letter of Credit or participation therein; or

(iii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its letters of credit or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender, such Issuing Bank or such other Recipient of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender, such Issuing Bank or such other Recipient hereunder, whether of interest or otherwise, then the Borrower will pay to such Lender, such Issuing Bank or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, such Issuing Bank or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or any Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or such Issuing Bank's capital or on the capital of such Lender's or such Issuing Bank's holding company, if any, as a consequence of this Agreement, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such Lender's or such Issuing Bank's holding company with respect to capital adequacy and liquidity), then

from time to time the Borrower will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or such Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of any Lender or any Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Lender or such Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16 Intentionally Omitted.

SECTION 2.17 Withholding of Taxes; Gross-Up. (a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Credit Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.17) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 2.17, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of

such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Credit Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Credit Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Credit Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person:

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), an executed copy of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Credit Document, an executed copy of IRS Form W-8BEN-E or IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Credit Document, IRS Form W-8BEN-E or IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) in the case of a Foreign Lender claiming that its extension of credit will generate U.S. effectively connected income, an executed copy of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit E-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) an executed copy of IRS Form W-8BEN-E or IRS Form W-8BEN; or

(4) to the extent a Foreign Lender is not the beneficial owner, an executed copy of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E or IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or Exhibit E-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Credit Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by

Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (including by the payment of additional amounts pursuant to this Section 2.17), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.17 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section 2.17 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all obligations under any Credit Document.

(i) Defined Terms. For purposes of this Section 2.17, the term "Lender" includes the Issuing Banks and the term "applicable law" includes FATCA.

SECTION 2.18 Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder (whether of interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15 or 2.17, or otherwise) prior to 12:00 noon, New York City time on the date when due, in immediately available funds, without set-off, recoupment or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices as specified in Section 9.01(a)(ii), except payments to be made directly to an Issuing Bank as expressly provided herein and except that payments pursuant to Sections 2.15, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest,

interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of participations in LC Disbursements resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its participations in LC Disbursements and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in LC Disbursements of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of and accrued interest on their respective participations in LC Disbursements; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Banks hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Banks, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Banks, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or such Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the NYFRB Rate.

SECTION 2.19 Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its participations in Letters of Credit hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all

reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender becomes a Defaulting Lender, or if any Lender does not consent to any proposed amendment, supplement, modification, consent or waiver of any provision of this Agreement or any other Credit Document that requires the consent of each of the Lenders or each of the Lenders affected thereby (so long as the consent of the Required Lenders (with the percentage in such definition being deemed to be 50% for this purpose) has been obtained), then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights (other than its existing rights to payments pursuant to Sections 2.15 or 2.17) and obligations under this Agreement and the other Credit Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent and the Issuing Banks, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to its participations in LC Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. Each party hereto agrees that (a) an assignment required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee (or, to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and such parties are participants), and (b) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to an be bound by the terms thereof; provided that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender, provided that any such documents shall be without recourse to or warranty by the parties thereto.

SECTION 2.20 Intentionally Omitted.

SECTION 2.21 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) [Reserved];

(b) any payment of interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 7.02 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Bank hereunder; *third*, to cash collateralize the LC Exposure with respect to such Defaulting Lender in accordance with this Section; *fourth*, [Reserved]; *fifth*, if so determined by the Administrative

Agent and the Borrower, to be held in a deposit account and released pro rata in order to cash collateralize future LC Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with this Section; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Banks as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Banks against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Credit Document; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Credit Document; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the any LC Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) the related Letters of Credit were issued at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the LC Disbursements owed to all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any LC Disbursements owed to such Defaulting Lender until such time as all funded and unfunded participations in the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure are held by the Lenders pro rata in accordance with their Applicable Percentages. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto;

(c) the Applicable Percentage of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.02); provided, that, except as otherwise provided in Section 9.02, this clause (c) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby;

(d) if any LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) the Borrower shall within three (3) Business Days following notice by the Administrative Agent cash collateralize for the benefit of the applicable Issuing Banks only the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure in accordance with the procedures set forth in Section 2.06(j) for so long as such LC Exposure is outstanding;

(ii) if the Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (i) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized; and

(iii) if all or any portion of such Defaulting Lender's LC Exposure is not cash collateralized pursuant to clause (i) above, then, without prejudice to any rights or remedies of any Issuing Bank or any other Lender hereunder, all letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the Issuing Banks until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(e) so long as such Lender is a Defaulting Lender, any Issuing Bank's election to issue, amend or increase any Letter of Credit is subject to the condition that it is satisfied that the related exposure

and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by cash collateral will be provided by the Borrower in accordance with Section 2.21(d).

If (i) a Bankruptcy Event or a Bail-In Action with respect to a Lender Parent shall occur following the date hereof and for so long as such event shall continue or (ii) any Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, no Issuing Bank shall be required to issue, amend or increase any Letter of Credit, unless the Issuing Banks, as the case may be, shall have entered into arrangements with the Borrower or such Lender, satisfactory to such Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

SECTION 2.22 Intentionally Omitted.

ARTICLE III

Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01 Corporate Existence; Authorization. The Borrower (a) has been duly incorporated and is validly existing as a corporation under the laws of its jurisdiction of incorporation, (b) has the requisite corporate power and authority to consummate the Transactions and (c) has duly taken all necessary corporate action to authorize the Transactions.

SECTION 3.02 Enforceability. This Agreement has been duly executed and delivered by the Borrower is the legal, valid and binding obligation of the Borrower, enforceable against it in accordance with its terms, and any other instrument or agreement required hereunder, when executed and delivered, will be similarly valid, binding and enforceable, except (in each case) to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization or similar laws generally affecting creditors' rights and by general principles of equity.

SECTION 3.03 Financial Condition; No Material Adverse Change. (a) All fiscal year-end financial statements furnished by the Borrower to the Administrative Agent or any Lender have been prepared in accordance with GAAP consistently applied, except as noted therein, and fairly present the consolidated financial position and the consolidated results of operations of the Borrower as of the dates and for the periods presented. Financial statements and other information and data furnished to the Administrative Agent or any Lender other than fiscal year-end statements of the Borrower are in reasonable detail and present fairly the consolidated financial position and consolidated results of operations of the Borrower as of the dates and for the periods presented, subject to year-end audit adjustments.

(b) As of the Effective Date, there has been no material adverse change in the business or financial condition of the Borrower and its Subsidiaries, taken as a whole, except as disclosed in the Borrower's periodic reports filed with the SEC under the Securities Exchange Act of 1934 on or before the Effective Date.

SECTION 3.04 Compliance with Laws and Material Contractual Obligations. The operations of the Borrower and its Significant Subsidiaries are in compliance with (a) all Requirements of Law and (b) its obligations under material agreements to which it is a party, (i) except to the extent that the failure to comply therewith could not, in the aggregate, be reasonably expected to have a Material Adverse Effect or (ii) except as disclosed in the Borrower's periodic reports filed prior to the date of this Agreement with the SEC under the Securities Exchange Act of 1934. Neither the execution and delivery of this

Agreement, nor the consummation of the transactions herein contemplated, will violate (x) any Requirement of Law, (y) violate or result in a default under any indenture or other material agreement or other material instrument binding upon the Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any material payment to be made by the Borrower or any of its Subsidiaries or (z) result in the creation or imposition of, or the requirement to create, any lien or security interest on any asset of the Borrower or any of its Subsidiaries.

SECTION 3.05 No Material Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its Subsidiaries or against any of its or their respective properties or revenues (a) with respect to this Agreement or any of the transactions contemplated hereby or (b) which could, insofar as the Borrower may reasonably foresee, have a Material Adverse Effect, except as disclosed in the Borrower's periodic reports filed with the SEC prior to the date of this Agreement under the Securities Exchange Act of 1934.

SECTION 3.06 Ownership of Property. Each of the Borrower and each of its Significant Subsidiaries has title in fee simple to or valid leasehold interests in all its real property material to the operation of its business, and title to or valid leasehold interests in all its other property useful and necessary in its business.

SECTION 3.07 Taxes. Each of the Borrower and each of its Significant Subsidiaries has filed or caused to be filed all Tax returns which to the knowledge of the Borrower are required to be filed and has paid all material taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other material Taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or the applicable Subsidiary, as the case may be); and no material Tax liens have been filed and, to the knowledge of the Borrower, no material claims are being asserted with respect to any such Taxes, fees or other charges.

SECTION 3.08 Subsidiaries. Schedule 3.08 contains an accurate list of all of the Subsidiaries of the Borrower existing as of the Effective Date, setting forth their respective jurisdictions of incorporation and the percentage of their respective Equity Interests owned by the Borrower and/or other Subsidiaries. All of the issued and outstanding shares of Equity Interests of such Subsidiaries have been duly authorized and issued and are fully paid and nonassessable.

SECTION 3.09 Investment Company Act; No Consents. Neither the Borrower nor any Subsidiary is an "Investment Company", as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended. Except for the Required Filings and orders of the Commissions in respect thereof, no authorizations, approvals or consents of, no filings or registrations with, any Governmental Authority are necessary for the consummation of the Transactions or for the validity or enforceability hereof or the notes delivered hereunder.

SECTION 3.10 ERISA. The Borrower is in compliance in all material respects with all applicable provisions of ERISA. The Borrower has not violated any provision of any Plan maintained or contributed to by the Borrower which could, insofar as the Borrower may reasonably foresee, have a Material Adverse Effect. No Reportable Event has occurred and is continuing with respect to any Plan initiated by the Borrower (other than the Borrower's December 22, 2013 withdrawal from the Western States Office and Professional Employees International Union Pension Fund). The Borrower has met its minimum funding requirements under ERISA with respect to each Plan. Each Plan will be able to fulfill its benefit obligations as they come due in accordance with the Plan documents and under GAAP.

SECTION 3.11 Environmental. In the ordinary course of its business, the Borrower conducts an ongoing review of the effect of Environmental Laws on the business, operations, and properties of the Borrower, in the course of which it identifies and evaluates associated liabilities and costs (including any capital or operating expenditures required for clean-up or closure of properties presently or previously owned or operated, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of these reviews, the Borrower has reasonably concluded that Environmental Laws are unlikely to have a Material Adverse Effect. The Borrower hereby represents and warrants that its business and assets and those of its Subsidiaries are operated, and covenants that its and its Subsidiaries' business and assets will continue to be operated, in compliance with applicable Environmental Laws and that no enforcement action in respect thereof is threatened or pending that could, in the case of any failure to so comply or any such enforcement action, insofar as the Borrower may reasonably foresee, have a Material Adverse Effect, except as disclosed in the Borrower's periodic reports filed with the SEC on or prior to the date of this Agreement under the Securities Exchange Act of 1934.

SECTION 3.12 Margin Regulations. The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of any Letter of Credit extension hereunder will be used to buy or carry any Margin Stock. Following the application of the proceeds of each drawing under each Letter of Credit, not more than 25% of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) will be Margin Stock.

SECTION 3.13 Disclosure. (a) As of the Effective Date, no reports, financial statements, certificates or other information furnished by or on behalf of the Borrower or any Subsidiary to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

(b) As of the Effective Date, to the best knowledge of the Borrower, the information included in the Beneficial Ownership Certification provided on or prior to the Effective Date to any Lender in connection with this Agreement is true and correct in all respects.

SECTION 3.14 Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and their respective officers and directors and to the knowledge of the Borrower its employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Borrower, any Subsidiary, any of their respective directors or officers, or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Letter of Credit, use of proceeds or other Transactions will violate any Anti-Corruption Law or applicable Sanctions.

SECTION 3.15 Affected Financial Institutions. The Borrower is not an Affected Financial Institution.

SECTION 3.16 Plan Assets; Prohibited Transactions. None of the Borrower or any of its Subsidiaries is an entity deemed to hold “plan assets” (within the meaning of the Plan Asset Regulations), and neither the execution, delivery or performance of the Transactions, including the issuance of any Letter of Credit hereunder, will give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

ARTICLE IV

Conditions

SECTION 4.01 Effective Date. The terms and conditions of this Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received (i) from each party hereto either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence satisfactory to the Administrative Agent (which may include telecopy or electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement and (ii) duly executed copies of the Credit Documents and such other legal opinions, certificates, documents, instruments and agreements as the Administrative Agent shall reasonably request in connection with the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit D.

(b) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of Stoel Rives LLP, counsel for the Borrower, covering such matters relating to the Borrower, the Credit Documents or the Transactions as the Administrative Agent shall reasonably request. The Borrower hereby requests such counsel to deliver such opinion.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization and valid existence of the Borrower, the authorization of the Transactions and any other legal matters relating to the Borrower, the Credit Documents or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit D.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by a Responsible Officer of the Borrower, certifying (i) that the representations and warranties contained in Article III are true and correct as of such date and (ii) that no Default or Event of Default has occurred and is continuing as of such date.

(e) [RESERVED].

(f) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(g) The Administrative Agent shall have received (i) satisfactory audited consolidated financial statements of the Borrower for the two most recent fiscal years ended prior to the Effective Date as to which such financial statements are available and (ii) satisfactory unaudited interim consolidated financial statements of the Borrower for each quarterly period ended subsequent to the date of the latest financial statements delivered pursuant to clause (i) as to which such financial statements are available.

(h) (i) The Administrative Agent shall have received, at least five days prior to the Effective Date (or such shorter period agreed to by the Administrative Agent in its sole discretion), all documentation and other information regarding the Borrower requested in connection with applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act, to the extent requested in writing of the Borrower at least 10 days prior to the Effective Date and (ii) to the extent the Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, at least five days prior to the Effective Date, any Lender that has requested, in a written notice to the Borrower at least 10 days prior to the Effective Date, a Beneficial Ownership Certification in relation to the Borrower shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Agreement, the condition set forth in this clause (ii) shall be deemed to be satisfied).

(i) The Administrative Agent shall have received such other documents as the Administrative Agent or the Required Lenders (through the Administrative Agent) may reasonably request.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02 Each Credit Event. Without limiting the provisions of Section 2.01, any election of the Issuing Banks to issue, amend, renew or extend any Letter of Credit is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in this Agreement (other than the representations and warranties set forth in Sections 3.04(b), 3.05(b) and 3.11) shall be true and correct in all material respects, except for any such representation or warranty that is qualified by materiality or reference to Material Adverse Effect, which representation and warranty shall be true and correct in all respects, on and as of the date of issuance, amendment, renewal or extension of such Letter of Credit (except, in each case, to the extent that any such representation or warranty specifically refers to an earlier date, in which case it shall be true and correct in all material respects, or in all respects, as applicable, as of such earlier date), as applicable.

(b) At the time of and immediately after giving effect to the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall have occurred and be continuing.

(c) At the time of and immediately after giving effect to the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, the aggregate LC Exposure will not exceed the Borrower’s borrowing authority as allowed by applicable Governmental Authorities.

Each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

Affirmative Covenants

Until all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01 Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent and each Lender:

(a) as soon as practicable, but in any event within 120 days after the end of each fiscal year of the Borrower (commencing with the fiscal year ending December 31, 2022), a copy of the consolidated balance sheet of the Borrower and its audited consolidated Subsidiaries as at the end of such year and the related consolidated statements of income, of shareholders' equity and comprehensive income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, audited by independent certified public accountants of nationally recognized standing (without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) as soon as practicable, but in any event not later than 60 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower (commencing with the fiscal quarter ending March 31, 2024), the Form 10-Q as filed by the Borrower with the SEC for each such fiscal quarter, certified by an Authorized Officer as being complete and correct (subject to normal year-end audit adjustments); and

(c) together with the financial statements required hereunder, a compliance certificate in form and substance satisfactory to the Administrative Agent signed by its chief financial officer or chief accounting officer showing the calculations necessary to determine compliance with this Agreement, including its calculation of maintenance of Consolidated Indebtedness to Total Capitalization, and stating that no Default exists, or if any Default exists, stating the nature and status thereof.

All such financial statements shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except as approved by such accountants or officer, as the case may be, and disclosed therein).

SECTION 5.02 Certificates; Other Information. The Borrower shall furnish to the Administrative Agent and each Lender as soon as practicable, but in any event within ten days after the same are sent, copies of all financial statements and reports which the Borrower or Holdings sends to its shareholders, and within ten days after the same are filed, copies of all financial statements and reports which the Borrower or Holdings may make to, or file with, the SEC or any successor or analogous Governmental Authority. Promptly following any request therefor, the Borrower shall furnish (x) such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request, and (y) information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation; and the Borrower shall furnish to the Administrative Agent and each Lender prompt written notice of any change in the information provided in the Beneficial Ownership Certification delivered to such Lender that

would result in a change to the list of beneficial owners identified in such certification. The Borrower hereby acknowledges that (a) the Administrative Agent will make available to the Lenders and the Issuing Banks materials and/or information provided by or on behalf of the Borrower hereunder (collectively, “Borrower Materials”) by posting the Borrower Materials on IntraLinks or another similar electronic system (the “Platform”) and (b) certain of the Lenders may be “public-side” Lenders (*i.e.*, Lenders that do not wish to receive material non-public information with respect to the Borrower or its securities) (each, a “Public Lender”). The Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof; (x) by marking Borrower Materials “PUBLIC,” the Borrower shall be deemed to have authorized the Administrative Agent, the Issuing Banks and the Lenders to treat such Borrower Materials as either publicly available information or not material information (although it may be sensitive and proprietary) with respect to the Borrower or its securities for purposes of United States Federal and state securities laws; (y) all Borrower Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Investor;” and (z) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Investor.”

SECTION 5.03 Payment of Taxes. The Borrower shall, and shall cause each of its Subsidiaries to, pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all taxes, except when (a) the amount or validity thereof is currently being contested in good faith by appropriate proceedings or (b) reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or such Subsidiary, as the case may be.

SECTION 5.04 Conduct of Business. The Borrower shall (a) carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and to do all things necessary to remain duly incorporated, validly existing and in good standing as a domestic corporation in its jurisdiction of incorporation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted, and (b) comply with all Requirements of Law, except to the extent that failure to comply therewith could not, in the aggregate, have a Material Adverse Effect. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.05 Maintenance of Property; Insurance. The Borrower shall, and shall cause each of its Subsidiaries to, (a) keep all property useful and necessary in its business in good working order and condition; (b) maintain with financially sound and reputable insurance companies insurance on such property in at least such amounts and against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business; and (c) furnish to the Administrative Agent or any Lender, upon written request, full information as to the insurance carried.

SECTION 5.06 Inspection of Property; Books and Records; Discussions. The Borrower shall, and shall cause each of its Subsidiaries that have business operations to, (a) keep proper books of records and accounts in which entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities and (b) permit representatives of the Administrative Agent or any Lender, at such Person’s expense, to visit and inspect any of its properties and examine and make abstracts from any of its books and records upon reasonable notice and during regular working hours, and to discuss the business, operations, properties and financial and other condition of the Borrower and its Subsidiaries with officers and employees of the Borrower and its Subsidiaries.

SECTION 5.07 Notices. The Borrower shall promptly give notice to the Administrative Agent and each Lender of (a) the occurrence of any Default; (b) any litigation, investigation or proceeding involving the Borrower or any of its Subsidiaries which, if not cured or if adversely determined, as the case may be, would have a Material Adverse Effect; and (c) any change in any Debt Rating. Each notice pursuant to this Section 5.07 shall be accompanied by a statement of an Authorized Officer setting forth details of the occurrence referred to therein and stating what action the Borrower proposes to take with respect thereto.

SECTION 5.08 Use of Proceeds and Letters of Credit. Letters of Credit will be issued only to support the working capital needs, and for general corporate purposes, of the Borrower and its Subsidiaries, and no Letter of Credit will be used, whether directly or indirectly, for any purpose that entails a violation of any of the regulations of the Federal Reserve Board, including Regulations T, U and X. The Borrower will not request any Letter of Credit, and the Borrower shall not use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Letter of Credit (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, except to the extent permitted for a Person required to comply with Sanctions, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 5.09 Debt Rating. The Borrower shall maintain at all times a Debt Rating from both Moody's and S&P.

ARTICLE VI

Negative Covenants

Until all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that it will not:

SECTION 6.01 Fundamental Changes. With respect to the Borrower or any Significant Subsidiary, without the consent of the Administrative Agent and the Required Lenders enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve (or suffer any liquidation or dissolution), convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or substantially all of the consolidated assets of the Borrower and its Subsidiaries, taken as a whole, except (a) for sales, leases or rentals of property or assets in the ordinary course of business, (b) that any consolidated Subsidiary of the Borrower may be merged or consolidated with or into the Borrower (provided that the Borrower shall be the continuing or surviving corporation) or with any one or more Subsidiaries of the Borrower (provided that if any such transaction shall be between a Subsidiary and a wholly-owned Subsidiary, the wholly-owned Subsidiary shall be the continuing or surviving corporation), (c) any Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or another wholly-owned Subsidiary of the Borrower and (d) the Borrower may be merged with any other Person if (i) the Borrower is the surviving corporation, (ii) immediately after giving effect to such merger, there shall exist no condition or event which constitutes an Event of Default or which, with the giving of notice or lapse of time or both, would constitute an Event of Default, and (iii) all representations and warranties contained in Article III hereof are true and correct in all material respects (except for any such representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which representation shall be true and correct in all respects) on and as of the date of the consummation of such merger, and after giving effect thereto, as though restated on

and as of such date (except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (except for any such representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which representation shall be true and correct in all respects) as of such earlier date).

SECTION 6.02 Financial Covenant. Maintenance of Consolidated Indebtedness to Total Capitalization. As at the end of any fiscal quarter of the Borrower, permit Consolidated Indebtedness to be greater than 70% of Total Capitalization.

ARTICLE VII

Events of Default

SECTION 7.01 Events of Default. If any of the following events (“Events of Default”) shall occur:

(a) The Borrower shall fail to pay any reimbursement obligations in respect of LC Disbursements when due in accordance with the terms hereof; or

(b) The Borrower shall fail to pay any interest or any other amount payable by the Borrower hereunder within five days after any such amount becomes due in accordance with the terms hereof; or

(c) Any representation or warranty made or deemed made by the Borrower herein shall prove to have been incorrect in any material respect on or as of the date made; or

(d) The Borrower shall default in the observance or performance of any covenant described in Sections 5.08, 6.01 or 6.02; or the Borrower shall default in the observance or performance of any other agreement or covenant contained in this Agreement, and such default shall continue unremedied for a period of 30 days after the earlier of (i) the date a Responsible Officer has knowledge of such default or (ii) written notice of such default shall have been given to the Borrower by the Administrative Agent or any Lender; or

(e) The Borrower shall fail to make any payment in respect of any Indebtedness having singly or in the aggregate an outstanding amount in excess of \$50 million when due or within any applicable grace period; or

(f) A final judgment for the payment of money exceeding an aggregate of \$15 million shall be rendered or entered against the Borrower and/or any Significant Subsidiary and the same shall remain undischarged for a period of 60 days during which execution shall not be effectively stayed or contested in good faith; or

(g) An involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Significant Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(h) The Borrower or any Significant Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing; or

(i) a Change in Control shall occur; or

(j) an ERISA Event shall have occurred (other than the Borrower's December 22, 2013 withdrawal from the Western States Office and Professional Employees International Union Pension Fund) that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(k) any material provision of any Credit Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or the Borrower or any Subsidiary contests in writing the validity or enforceability of any provision of any Credit Document; or, prior to satisfaction in full of all Obligations, the Borrower denies in writing that it has any or further liability or obligation under any Credit Document, or the Borrower purports in writing to revoke, terminate or rescind any Credit Document other than in compliance with Section 9.02; or

(l) any "Event of Default" under (and as defined in) the Existing Revolving Credit Agreement shall have occurred;

then, and in every such event (other than an event with respect to the Borrower, described in clause (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) require cash collateral for the LC Exposure as required in Section 2.06(j) hereof and (ii) exercise on behalf of itself, the Lenders and the Issuing Banks all rights and remedies available to it, the Lenders and the Issuing Banks under the Credit Documents and applicable law; and in case of any event with respect to the Borrower described in clause (g) or (h) of this Section, the cash collateral for the LC Exposure, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under the other Credit Documents, shall automatically become due and payable, and the obligation of the Borrower to cash collateralize the LC Exposure as provided in clause (i) above shall automatically become effective, in each case, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and at the request of the Required Lenders shall, exercise any rights and remedies provided to the Administrative Agent under the Credit Documents or at law or equity.

SECTION 7.02 Application of Payments. Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, and notice thereof to the Administrative Agent by the Borrower or the Required Lenders, all payments received on account of the Obligations shall, subject to Section 2.21, be applied by the Administrative Agent as follows:

(i) first, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts payable to the Administrative Agent (including fees and disbursements and other charges of counsel to the Administrative Agent payable under Section 9.03 and amounts pursuant to Section 2.12(c) payable to the Administrative Agent in its capacity as such);

(ii) second, to payment of that portion of the Obligations constituting fees, expenses, indemnities and other amounts (other than reimbursement obligations in respect of LC Disbursements, interest and Letter of Credit fees) payable to the Lenders and the Issuing Banks (including fees and disbursements and other charges of counsel to the Lenders and the Issuing Banks payable under Section 9.03) arising under the Credit Documents, ratably among them in proportion to the respective amounts described in this clause (ii) payable to them;

(iii) third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit fees and charges and interest on the unreimbursed LC Disbursements, ratably among the Lenders and the Issuing Banks in proportion to the respective amounts described in this clause (iii) payable to them;

(iv) fourth, (A) to payment of that portion of the Obligations constituting unreimbursed LC Disbursements and (B) to cash collateralize that portion of LC Exposure comprising the undrawn amount of Letters of Credit to the extent not otherwise cash collateralized by the Borrower pursuant to Section 2.06 or 2.21, ratably among the Lenders and the Issuing Banks in proportion to the respective amounts described in this clause (iv) payable to them; provided that (x) any such amounts applied pursuant to subclause (B) above shall be paid to the Administrative Agent for the ratable account of the applicable Issuing Bank to cash collateralize Obligations in respect of Letters of Credit, (y) subject to Section 2.06 or 2.21, amounts used to cash collateralize the aggregate amount of Letters of Credit pursuant to this clause (iv) shall be used to satisfy drawings under such Letters of Credit as they occur and (z) upon the expiration of any Letter of Credit (without any pending drawings), the pro rata share of cash collateral shall be distributed to the other Obligations, if any, in the order set forth in this Section 7.02;

(v) fifth, to the payment in full of all other Obligations, in each case ratably among the Administrative Agent, the Lenders and the Issuing Banks based upon the respective aggregate amounts of all such Obligations owing to them in accordance with the respective amounts thereof then due and payable; and

(vi) finally, the balance, if any, after all Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by law.

If any amount remains on deposit as cash collateral after all Letters of Credit have either been fully drawn or expired (without any pending drawings), such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

ARTICLE VIII

The Administrative Agent

SECTION 8.01 Authorization and Action. (a) Each Lender and the Issuing Banks hereby irrevocably appoints the entity named as Administrative Agent in the heading of this Agreement and its successors and assigns to serve as the administrative agent under the Credit Documents and each Lender and the Issuing Banks authorizes the Administrative Agent to take such actions as agent on its behalf

and to exercise such powers under this Agreement and the other Credit Documents as are delegated to the Administrative Agent under such agreements and to exercise such powers as are reasonably incidental thereto. Without limiting the foregoing, each Lender and the Issuing Banks hereby authorizes the Administrative Agent to execute and deliver, and to perform its obligations under, each of the Credit Documents to which the Administrative Agent is a party, to exercise all rights, powers and remedies that the Administrative Agent may have under such Credit Documents.

(b) As to any matters not expressly provided for herein and in the other Credit Documents (including enforcement or collection), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, pursuant to the terms in the Credit Documents), and, unless and until revoked in writing, such instructions shall be binding upon each Lender and the Issuing Banks; provided, however, that the Administrative Agent shall not be required to take any action that (i) the Administrative Agent in good faith believes exposes it to liability unless the Administrative Agent receives an indemnification and is exculpated in a manner satisfactory to it from the Lenders and the Issuing Banks with respect to such action or (ii) is contrary to this Agreement or any other Credit Document or applicable law, including any action that may be in violation of the automatic stay under any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors; provided, further, that the Administrative Agent may seek clarification or direction from the Required Lenders prior to the exercise of any such instructed action and may refrain from acting until such clarification or direction has been provided. Except as expressly set forth in the Credit Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, any Subsidiary or any Affiliate of any of the foregoing that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity. Nothing in this Agreement shall require the Administrative Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) In performing its functions and duties hereunder and under the other Credit Documents, the Administrative Agent is acting solely on behalf of the Lenders and the Issuing Banks (except in limited circumstances expressly provided for herein relating to the maintenance of the Register), and its duties are entirely mechanical and administrative in nature. Without limiting the generality of the foregoing:

- (i) the Administrative Agent does not assume and shall not be deemed to have assumed any obligation or duty or any other relationship as the agent, fiduciary or trustee of or for any Lender, Issuing Bank or holder of any other obligation other than as expressly set forth herein and in the other Credit Documents, regardless of whether a Default or an Event of Default has occurred and is continuing (and it is understood and agreed that the use of the term "agent" (or any similar term) herein or in any other Credit Document with reference to the Administrative Agent is not intended to connote any fiduciary duty or other implied (or express) obligations arising under agency doctrine of any applicable law, and that such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties); additionally, each Lender agrees that it will not assert any claim against the

Administrative Agent based on an alleged breach of fiduciary duty by the Administrative Agent in connection with this Agreement and the transactions contemplated hereby;

(ii) nothing in this Agreement or any Credit Document shall require the Administrative Agent to account to any Lender for any sum or the profit element of any sum received by the Administrative Agent for its own account;

(d) The Administrative Agent may perform any of its duties and exercise its rights and powers hereunder or under any other Credit Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any of their respective duties and exercise their respective rights and powers through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities pursuant to this Agreement. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agent except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agent.

(e) [Reserved].

(f) In case of the pendency of any proceeding with respect to the Borrower under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, the Administrative Agent (irrespective of whether any other obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the LC Disbursements and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Banks and the Administrative Agent (including any claim under Sections 2.12, 2.13, 2.15, 2.17 and 9.03) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such proceeding is hereby authorized by each Lender and each Issuing Bank to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Banks, to pay to the Administrative Agent any amount due to it, in its capacity as the Administrative Agent, under the Credit Documents (including under Section 9.03). Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or Issuing Bank or to authorize the Administrative Agent to vote in respect of the claim of any Lender or Issuing Bank in any such proceeding.

(g) The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Banks, and, except solely to the extent of the Borrower's rights to consent pursuant to and subject to the conditions set forth in this Article, none of the Borrower or any Subsidiary, or any of their respective Affiliates, shall have any rights as a third party beneficiary under any such provisions.

SECTION 8.02 Administrative Agent's Reliance, Indemnification, Etc. (a) Neither the Administrative Agent nor any of its Related Parties shall be (i) liable for any action taken or omitted to be taken by it under or in connection with this Agreement or the other Credit Documents (x) with the consent of or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in the Credit Documents) or (y) in the absence of its own gross negligence or willful misconduct (such absence to be presumed unless otherwise determined by a court of competent jurisdiction by a final and nonappealable judgment) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Credit Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Credit Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Credit Document (including, for the avoidance of doubt, in connection with the Administrative Agent's reliance on any Electronic Signature transmitted by telecopy, emailed pdf, or any other electronic means that reproduces an image of an actual executed signature page) or for any failure of the Borrower to perform its obligations hereunder or thereunder.

(b) The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof (stating that it is a "notice of default") is given to the Administrative Agent by the Borrower, a Lender or any Issuing Bank, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Credit Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Credit Document or the occurrence of any Default, (iv) the sufficiency, validity, enforceability, effectiveness or genuineness of any Credit Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Credit Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent.

(c) Without limiting the foregoing, the Administrative Agent (i) [reserved], (ii) may rely on the Register to the extent set forth in Section 9.04(b), (iii) may consult with legal counsel (including counsel to the Borrower), independent public accountants and other experts selected by it, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (iv) makes no warranty or representation to any Lender or Issuing Bank and shall not be responsible to any Lender or Issuing Bank for any statements, warranties or representations made by or on behalf of the Borrower in connection with this Agreement or any other Credit Document, (v) in determining compliance with any condition hereunder to the issuance of a Letter of Credit that by its terms must be fulfilled to the satisfaction of a Lender or any Issuing Bank, may presume that such condition is satisfactory to such Lender or Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or Issuing Bank sufficiently in advance of the issuance of such Letter of Credit and (vi) shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Credit Document by acting upon, any notice, consent, certificate or other instrument or writing (which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution) or any statement made to it orally or by telephone and believed by it to be genuine and signed

or sent or otherwise authenticated by the proper party or parties (whether or not such Person in fact meets the requirements set forth in the Credit Documents for being the maker thereof).

SECTION 8.03 Posting of Communications. (a) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make any Communications available to the Lenders and the Issuing Banks by posting the Communications on IntraLinks™, DebtDomain, SyndTrak, ClearPar or any other electronic platform chosen by the Administrative Agent to be its electronic transmission system (the “Approved Electronic Platform”).

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Effective Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders, the Issuing Banks and the Borrower acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure, that the Administrative Agent is not responsible for approving or vetting the representatives or contacts of any Lender that are added to the Approved Electronic Platform, and that there are confidentiality and other risks associated with such distribution. Each of the Lenders, the Issuing Banks and the Borrower hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(c) THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS ARE PROVIDED “AS IS” AND “AS AVAILABLE”. THE APPLICABLE PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE APPROVED ELECTRONIC PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE APPLICABLE PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT OR ANY OF ITS RELATED PARTIES (COLLECTIVELY, “APPLICABLE PARTIES”) HAVE ANY LIABILITY TO THE BORROWER, ANY LENDER, ANY ISSUING BANK OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWER’S OR THE ADMINISTRATIVE AGENT’S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET OR THE APPROVED ELECTRONIC PLATFORM.

“Communications” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Borrower pursuant to any Credit Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or any Issuing Bank by means of electronic communications pursuant to this Section, including through an Approved Electronic Platform.

(d) Each Lender and Issuing Bank agrees that notice to it (as provided in the next sentence) specifying that Communications have been posted to the Approved Electronic Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Credit Documents. Each Lender and Issuing Bank agrees (i) to notify the Administrative Agent in writing (which could be in the form of electronic communication) from time to time of such Lender’s or Issuing Bank’s (as applicable)

email address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such email address.

(e) Each of the Lenders, the Issuing Banks and the Borrower agrees that the Administrative Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Communications on the Approved Electronic Platform in accordance with the Administrative Agent's generally applicable document retention procedures and policies.

(f) Nothing herein shall prejudice the right of the Administrative Agent, any Lender or any Issuing Bank to give any notice or other communication pursuant to any Credit Document in any other manner specified in such Credit Document.

SECTION 8.04 The Administrative Agent Individually. With respect to its Letters of Credit, the Person serving as the Administrative Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender or Issuing Bank, as the case may be. The terms "Issuing Bank", "Lenders", "Required Lenders" and any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity as a Lender, Issuing Bank or as one of the Required Lenders, as applicable. The Person serving as the Administrative Agent and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust or other business with, the Borrower, any Subsidiary or any Affiliate of any of the foregoing as if such Person was not acting as the Administrative Agent and without any duty to account therefor to the Lenders or the Issuing Banks.

SECTION 8.05 Successor Administrative Agent. Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Credit Document, shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

SECTION 8.06 Acknowledgments of Lenders and Issuing Banks. (a) Each Lender and each Issuing Bank represents and warrants that (i) the Credit Documents set forth the terms of a commercial lending facility, (ii) it is engaged in making, acquiring or holding commercial loans and in providing other facilities set forth herein as may be applicable to such Lender or Issuing Bank, in each case in the ordinary course of business, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument (and each Lender and each Issuing Bank agrees not to assert a claim in contravention of the foregoing), (iii) it has, independently and without reliance upon the Administrative Agent or any other Lender or Issuing Bank, or any of the Related Parties of any of the foregoing, and based

on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold participations in Letters of Credit hereunder and (iv) it is sophisticated with respect to decisions to make, acquire and/or hold commercial loans and to provide other facilities set forth herein, as may be applicable to such Lender or such Issuing Bank, and either it, or the Person exercising discretion in making its decision to make, acquire and/or hold such commercial loans or to provide such other facilities, is experienced in making, acquiring or holding such commercial loans or providing such other facilities. Each Lender and each Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or Issuing Bank, or any of the Related Parties of any of the foregoing, and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Credit Document or any related agreement or any document furnished hereunder or thereunder.

(b) Each Lender, by delivering its signature page to this Agreement on the Effective Date, or delivering its signature page to an Assignment and Assumption or any other Credit Document pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Credit Document and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Effective Date.

(c)

(i) Each Lender hereby agrees that (x) if the Administrative Agent notifies such Lender that the Administrative Agent has determined in its sole discretion that any funds received by such Lender from the Administrative Agent or any of its Affiliates (whether as a payment, prepayment or repayment of interest, fees or otherwise; individually and collectively, a “Payment”) were erroneously transmitted to such Lender (whether or not known to such Lender), and demands the return of such Payment (or a portion thereof), such Lender shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (y) to the extent permitted by applicable law, such Lender shall not assert, and hereby waives, as to the Administrative Agent, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Payments received, including without limitation any defense based on “discharge for value” or any similar doctrine. A notice of the Administrative Agent to any Lender under this Section 8.06(c) shall be conclusive, absent manifest error.

(ii) Each Lender hereby further agrees that if it receives a Payment from the Administrative Agent or any of its Affiliates (x) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such Payment (a “Payment Notice”) or (y) that was not preceded or accompanied by a Payment Notice, it shall be on notice, in each such case, that an error has been made with respect to such Payment. Each Lender agrees that, in each such case, or if it otherwise becomes aware a Payment (or portion thereof) may have been sent in error, such Lender shall promptly notify the Administrative Agent of such occurrence and, upon demand from the Administrative Agent, it shall promptly, but in no event later than one Business Day thereafter,

return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(iii) The Borrower hereby agrees that (x) in the event an erroneous Payment (or portion thereof) are not recovered from any Lender that has received such Payment (or portion thereof) for any reason, the Administrative Agent shall be subrogated to all the rights of such Lender with respect to such amount and (y) an erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower.

(iv) Each party's obligations under this Section 8.06(c) shall survive the resignation or replacement of the Administrative Agent or any transfer of rights or obligations by, or the replacement of, a Lender, or the repayment, satisfaction or discharge of all Obligations under any Credit Document.

SECTION 8.07 Certain ERISA Matters. (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and its Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of the Plan Asset Regulations) of one or more Benefit Plans in connection with the Letters of Credit,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Letters of Credit and this Agreement, and the conditions for exemptive relief thereunder are and will continue to be satisfied in connection therewith,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Letters of Credit and this Agreement, (C) the entrance into, participation in, administration of and performance of the Letters of Credit and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Letters of Credit and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and its Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower, that neither the Administrative Agent nor any of its Affiliates is a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Letters of Credit and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Credit Document or any documents related hereto or thereto).

(c) The Administrative Agent hereby informs the Lenders that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Letters of Credit and this Agreement, (ii) may recognize a gain if it extended the Letters of Credit for an amount less than the amount being paid for an interest in the Letters of Credit by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Credit Documents or otherwise, including structuring fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

ARTICLE IX

Miscellaneous

SECTION 9.01 Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telex, as follows:

(i) if to the Borrower, to it at 250 SW Taylor Street, Portland, OR 97204, Attention of Brody J. Wilson, Chief Financial Officer, Vice President, Treasurer and Chief Accounting Officer (Telecopy No. (503) 220-2584; Telephone No. (503) 610-7176; Email Address: brody.wilson@nwnatural.com);

(ii) if to the Administrative Agent, to Canadian Imperial Bank of Commerce, 595 Bay Street, 7th Floor, Toronto, ON, M5G 2C2, Canada, Attention of Rishegan Balasubramaniam (Email Address: Mailbox.UsLoanOperations@cibc.com);

(iii) if to the initial Issuing Bank, to Canadian Imperial Bank of Commerce, 595 Bay Street, 7th Floor, Toronto, ON, M5G 2C2, Canada, Attention of Janaka Lenaduwa (Email Address: Mailbox.UsLoanOperations@cibc.com);

(iv) if to any other Lender, to it at its address (or telex number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through Approved Electronic Platforms, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to the Lenders and the Issuing Banks hereunder may be delivered or furnished by using Approved Electronic Platforms pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by written notice to the other parties hereto.

SECTION 9.02 Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder or under any other Credit Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks and the Lenders hereunder and under the other Credit Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or any Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Subject to clauses (c) and (d) below, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Applicable Percentage of any Lender without the written consent of such Lender, (ii) reduce the amount of any LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment of any LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of,

waive or excuse any such payment, or postpone the scheduled date of expiration of any Obligation, without the written consent of each Lender directly affected thereby, (iv) change Section 2.18(b) or (d) in a manner that would alter the ratable reduction of the Applicable Percentages or pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change the payment waterfall provisions of Section 2.21(b) or 7.02 without the written consent of each Lender or (vi) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or any Issuing Bank hereunder without the prior written consent of the Administrative Agent or such Issuing Bank, as the case may be (it being understood that any change to Section 2.21 shall require the consent of the Administrative Agent and the Issuing Banks); provided further, that no such agreement shall amend or modify the provisions of Section 2.06 or any letter of credit application and any bilateral agreement between the Borrower and any Issuing Bank regarding the respective rights and obligations between the Borrower and such Issuing Bank in connection with the issuance of Letters of Credit without the prior written consent of the Administrative Agent and such Issuing Bank, respectively. Notwithstanding the foregoing, no consent with respect to any amendment, waiver or other modification of this Agreement shall be required of any Defaulting Lender, except with respect to any amendment, waiver or other modification referred to in clause (i), (ii) or (iii) of the first proviso of this paragraph and then only in the event such Defaulting Lender shall be directly affected by such amendment, waiver or other modification.

(c) [RESERVED].

(d) If the Administrative Agent and the Borrower acting together identify any ambiguity, omission, mistake, typographical error or other defect in any provision of this Agreement or any other Credit Document, then the Administrative Agent and the Borrower shall be permitted to amend, modify or supplement such provision to cure such ambiguity, omission, mistake, typographical error or other defect, and such amendment shall become effective without any further action or consent of any other party to this Agreement.

SECTION 9.03 Expenses; Limitation of Liability; Indemnity; Etc.

(a) Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel and other advisors and professionals for such Persons, in connection with the syndication and distribution (including, without limitation, via the internet or through a service such as Intralinks) of the credit facilities provided for herein, the investigation, preparation, negotiation, documentation, collection and administration of this Agreement and the other Credit Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Issuing Bank or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, any Issuing Bank or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement and any other Credit Document, including its rights under this Section, or in connection with the Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Letters of Credit.

(b) Indemnity. The Borrower shall indemnify the Administrative Agent, any Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being

called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all Liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Credit Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective Proceeding relating to any of the foregoing, whether or not such Proceeding is brought by the Borrower or its respective equity holders, Affiliates, creditors or any other third Person and whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such Liabilities or related expenses (A) result from a claim brought by the Borrower or any of its Subsidiaries against such Indemnitee for material breach of such Indemnitee’s or any of its Related Parties’ obligations under any Credit Document if the Borrower or such Subsidiary has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (B) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. This Section 9.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

(c) Lender Reimbursement. Each Lender severally agrees to pay any amount required to be paid by the Borrower under paragraph (a) or (b) of this Section 9.03 to the Administrative Agent, the Issuing Banks, and each Related Party of any of the foregoing Persons (each, an “Agent-Related Person”) (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Applicable Percentage in effect on the date on which such payment is sought under this Section, and agrees to indemnify and hold each Agent-Related Person harmless from and against any and all Liabilities and related expenses, including the fees, charges and disbursements of any kind whatsoever that may at any time be imposed on, incurred by or asserted against such Agent-Related Person in any way relating to or arising out of this Agreement, any of the other Credit Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent-Related Person under or in connection with any of the foregoing; provided that the unreimbursed expense or Liability or related expense, as the case may be, was incurred by or asserted against such Agent-Related Person in its capacity as such; provided further that no Lender shall be liable for the payment of any portion of such Liabilities, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent-Related Person’s gross negligence or willful misconduct. The agreements in this Section shall survive the termination of this Agreement and the payment of all amounts payable hereunder.

(d) Limitation of Liability. To the extent permitted by applicable law, (i) the Borrower shall not assert, and hereby waives, any claim against the Administrative Agent, any Issuing Bank and any Lender, and any Related Party of any of the foregoing Persons (each such Person being called a “Lender-Related Person”) for any Liabilities arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), and (ii) no party hereto shall assert, and each such party hereby waives, any claim against any other party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Credit Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Letter of Credit or the use of the proceeds thereof; provided that, nothing in this clause (d)(ii) shall relieve

the Borrower of any obligation it may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(e) Payments. All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 9.04 Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its participations in Letters of Credit) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower (provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof); provided, further, that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

(B) the Administrative Agent; provided, that no consent of the Administrative Agent shall be required for an assignment of any Applicable Percentage to an assignee that is a Lender (other than a Defaulting Lender) with an Applicable Percentage immediately prior to giving effect to such assignment; and

(C) the Issuing Banks.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Applicable Percentage, the Applicable Percentage subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than 10% unless each of the Borrower and the Administrative Agent otherwise consent to a lesser amount, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent (x) an Assignment and Assumption or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, together with a processing and recordation fee of \$3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its Affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws.

For the purposes of this Section 9.04(b), the terms "Approved Fund" and "Ineligible Institution" have the following meanings:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Ineligible Institution" means (a) a natural person, (b) a Defaulting Lender or its Lender Parent, (c) a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof or (d) the Borrower or any of its Affiliates; provided that, with respect to clause (c), such holding company, investment vehicle or trust shall not constitute an Ineligible Institution if it (x) has not been established for the primary purpose of acquiring any participations in Letters of Credit hereunder, (y) is managed by a professional advisor, who is not such natural person or a relative thereof, having significant experience in the business of making or purchasing commercial loans, and (z) has assets greater than \$25,000,000 and a significant part of its activities consist of making or purchasing commercial loans and similar extensions of credit in the ordinary course of its business.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Applicable Percentage of, and amount (and stated interest) of the LC Disbursements owing to, each

Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Banks and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of (x) a duly completed Assignment and Assumption executed by an assigning Lender and an assignee or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, the assignee’s completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.06(d) or (e), 2.18(e) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of, or notice to, the Borrower, the Administrative Agent or the Issuing Banks, sell participations to one or more banks or other entities (a “Participant”), other than an Ineligible Institution, in all or a portion of such Lender’s rights and/or obligations under this Agreement; provided that (A) such Lender’s obligations under this Agreement shall remain unchanged; (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (C) the Borrower, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15 and 2.17 (subject to the requirements and limitations therein, including the requirements under Section 2.17(f) (it being understood that the documentation required under Section 2.17(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.18 and 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.15 or 2.17, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower’s request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.19(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided that such Participant agrees to be subject to Section 2.18(c) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the amounts

(and stated interest) of each Participant's interest in the obligations under the Credit Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Letters of Credit or its other obligations under any Credit Document) to any Person except to the extent that such disclosure is necessary to establish that such Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05 Survival. All covenants, agreements, representations and warranties made by the Borrower in the Credit Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Credit Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Credit Documents and the issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as any fee or any other amount payable under this Agreement or any other Credit Document is outstanding and unpaid or any Letter of Credit is outstanding

. The provisions of Sections 2.15, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the expiration or termination of the Letters of Credit or the termination of this Agreement or any other Credit Document or any provision hereof or thereof.

SECTION 9.06 Counterparts; Integration; Effectiveness; Electronic Execution. (a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Credit Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Delivery of an executed counterpart of a signature page of (x) this Agreement, (y) any other Credit Document and/or (z) any document, amendment, approval, consent, information, notice (including, for the avoidance of doubt, any notice delivered pursuant to Section 9.01), certificate, request, statement, disclosure or authorization related to this Agreement, any other Credit Document and/or the

transactions contemplated hereby and/or thereby (each an “Ancillary Document”) that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, such other Credit Document or such Ancillary Document, as applicable. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement, any other Credit Document and/or any Ancillary Document shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; provided that nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; provided, further, without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept any Electronic Signature, the Administrative Agent and each of the Lenders shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of the Borrower without further verification thereof and without any obligation to review the appearance or form of any such Electronic signature and (ii) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, the Borrower hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders and the Borrower, Electronic Signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Agreement, any other Credit Document and/or any Ancillary Document shall have the same legal effect, validity and enforceability as any paper original, (ii) the Administrative Agent and each of the Lenders may, at its option, create one or more copies of this Agreement, any other Credit Document and/or any Ancillary Document in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person’s business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record), (iii) waives any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement, any other Credit Document and/or any Ancillary Document based solely on the lack of paper original copies of this Agreement, such other Credit Document and/or such Ancillary Document, respectively, including with respect to any signature pages thereto and (iv) waives any claim against any Lender-Related Person for any Liabilities arising solely from the Administrative Agent’s and/or any Lender’s reliance on or use of Electronic Signatures and/or transmissions by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page, including any Liabilities arising as a result of the failure of the Borrower to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

SECTION 9.07 Severability. Any provision of any Credit Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, each Issuing Bank, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final and in whatever currency denominated) at any time held, and other obligations at any time owing, by such Lender, such Issuing Bank or any such Affiliate, to or for the credit or the account of the Borrower against any and all of the Obligations now or

hereafter existing under this Agreement or any other Credit Document to such Lender or such Issuing Bank or their respective Affiliates, irrespective of whether or not such Lender, Issuing Bank or Affiliate shall have made any demand under this Agreement or any other Credit Document and although such obligations may be contingent or unmatured or are owed to a branch office or Affiliate of such Lender or such Issuing Bank different from the branch office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.21 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Banks, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, each Issuing Bank and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, such Issuing Bank or their respective Affiliates may have. Each Lender and Issuing Bank agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 9.09 Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement and the other Credit Documents shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of the Lenders and the Administrative Agent hereby irrevocably and unconditionally agrees that, notwithstanding the governing law provisions of any applicable Credit Document, any claims brought against the Administrative Agent by any Lender relating to this Agreement, any other Credit Document or the consummation or administration of the transactions contemplated hereby or thereby shall be construed in accordance with and governed by the law of the State of New York.

(c) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York sitting in the Borough of Manhattan (or if such court lacks subject matter jurisdiction, the Supreme Court of the State of New York sitting in the Borough of Manhattan), and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Credit Document or the transactions relating hereto or thereto, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may (and any such claims brought against the Administrative Agent or any of its Related Parties may only) be heard and determined in such Federal (to the extent permitted by law) or New York State court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Credit Document shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower, the Borrower or its properties in the courts of any jurisdiction.

(d) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in paragraph (c) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(e) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Credit Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12 Confidentiality. Each of the Administrative Agent, the Issuing Banks and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any Governmental Authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under this Agreement or any other Credit Document or any suit, action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (1) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (2) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) on a confidential basis to (1) any rating agency in connection with rating the Borrower or its Subsidiaries or the credit facilities provided for herein or (2) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of identification numbers with respect to the credit facilities provided for herein, (h) with the consent of the Borrower or (i) to the extent such Information (1) becomes publicly available other than as a result of a breach of this Section or (2) becomes available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by the Borrower and other than information pertaining to this Agreement routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13 Material Non-Public Information. (a) EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 9.12 FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

(b) ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER AND ITS RELATED PARTIES OR ITS RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 9.14 USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act of 2001 (the "Patriot Act") hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Patriot Act.

SECTION 9.15 Intentionally Omitted.

SECTION 9.16 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any amount payable hereunder, together with all fees, charges and other amounts which are treated as interest on such Obligation under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Obligation in accordance with applicable law, the rate of interest payable in respect of such Obligation hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Obligation but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Obligations or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the NYFRB Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.17 No Fiduciary Duty, etc. The Borrower acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that no Credit Party will have any obligations except those obligations expressly set forth herein and in the other Credit Documents and each Credit Party is acting solely in the capacity of an arm's length contractual counterparty to the Borrower with respect to the Credit Documents and the transactions contemplated therein and not as a financial advisor or a fiduciary to, or an agent of, the Borrower or any other person. The Borrower agrees that it will not assert any claim against any Credit Party based on an alleged breach of fiduciary duty by such Credit Party in connection with this Agreement and the transactions contemplated hereby. Additionally, the Borrower acknowledges and agrees that no Credit Party is advising the Borrower as to any legal, tax, investment, accounting, regulatory or any

other matters in any jurisdiction. The Borrower shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Credit Parties shall have no responsibility or liability to the Borrower with respect thereto.

The Borrower further acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that each Credit Party, together with its Affiliates, is a full service securities or banking firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, any Credit Party may provide investment banking and other financial services to, and/or acquire, hold or sell, for its own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, the Borrower and other companies with which it may have commercial or other relationships. With respect to any securities and/or financial instruments so held by any Credit Party or any of its customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

In addition, the Borrower acknowledges and agrees, and acknowledges its Subsidiaries' understanding, that each Credit Party and its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which the Borrower or its Subsidiaries may have conflicting interests regarding the transactions described herein and otherwise. No Credit Party will use confidential information obtained from the Borrower by virtue of the transactions contemplated by the Credit Documents or its other relationships with the Borrower in connection with the performance by such Credit Party of services for other companies, and no Credit Party will furnish any such information to other companies. The Borrower also acknowledges that no Credit Party has any obligation to use in connection with the transactions contemplated by the Credit Documents, or to furnish to the Borrower, confidential information obtained from other companies.

SECTION 9.18 Acknowledgment and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Credit Document may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

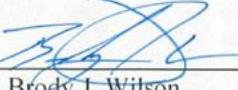
(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Credit Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

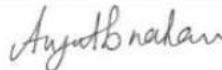
[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers as of the day and year first above written.

NORTHWEST NATURAL GAS COMPANY,
as the Borrower

By 
Name: Brody J. Wilson
Title: Chief Financial Officer, Vice President,
Treasurer, and Chief Accounting Officer

CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK BRANCH,
individually as a Lender, an Issuing Bank and as
Administrative Agent

By 
Name: Anju Abraham
Title: Authorized Signatory

SCHEDULE 2.01A

APPLICABLE PERCENTAGE

<u>LENDER</u>	<u>APPLICABLE PERCENTAGE</u>
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CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH	100%
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SCHEDULE 3.08

SUBSIDIARIES OF NORTHWEST NATURAL GAS COMPANY
an Oregon Corporation

Below sets forth all of the direct and indirect subsidiaries of Northwest Natural Gas Company. Indirect subsidiaries are set forth in indents under their direct parent entity. All subsidiaries are wholly owned except as otherwise noted.

Name of Subsidiary		Jurisdiction Organized
Northwest Energy Corporation		Oregon
NWN Gas Reserves LLC		Oregon
NW Natural RNG Holding Company, LLC		Oregon
Lexington Renewable Energy LLC ¹		Delaware
Dakota City Renewable Energy LLC ²		Delaware

¹ NW Natural RNG Holding Company, LLC owns 100% of the Class A Membership Units in Lexington Renewable Energy LLC and an unaffiliated third party owns 100% of the Class B Membership Units.

² NW Natural RNG Holding Company, LLC owns 100% of the Class A Membership Units in Dakota City Renewable Energy LLC and an unaffiliated third party owns 100% of the Class B Membership Units.

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between *[Insert name of Assignor]* (the “Assignor”) and *[Insert name of Assignee]* (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Reimbursement Agreement identified below (as amended, supplemented or otherwise modified from time to time, the “Reimbursement Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Reimbursement Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Applicable Percentage specified in Section 6 below, the Assignor’s rights and obligations in its capacity as a Lender under the Reimbursement Agreement and any other documents or instruments delivered pursuant thereto and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Reimbursement Agreement, any other documents or instruments delivered pursuant thereto or the extensions of credit governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____
2. Assignee: _____
[and is an Affiliate/Approved Fund of [identify Lender]¹]
3. Borrower(s): Northwest Natural Gas Company _____
4. Administrative Agent: Canadian Imperial Bank of Commerce, New York Branch, as the administrative agent under the Reimbursement Agreement

¹ Select as applicable.

5. Reimbursement
Agreement:

The Reimbursement Agreement dated as of January 5, 2024 among Northwest Natural Gas Company, the Lenders from time to time party thereto and Canadian Imperial Bank of Commerce, New York Branch, as Administrative Agent

6. Assigned Interest:

Applicable Percentage assigned:	[]%
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Effective Date: _____, 20____ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its Related Parties or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Title: _____

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Title: _____

Consented to and Accepted:

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH, as
Administrative Agent and an Issuing Bank

By: _____
Title: _____

ANNEX I

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Reimbursement Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document, (iv) any requirements under applicable law for the Assignee to become a Lender under the Reimbursement Agreement or to charge interest at the rate set forth therein from time to time, or (v) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Reimbursement Agreement, (ii) it satisfies the requirements, if any, specified in the Reimbursement Agreement and under applicable law that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Reimbursement Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Reimbursement Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender and their respective Related Parties, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Reimbursement Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender and their respective Related Parties, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.



3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Acceptance and adoption of the terms of this Assignment and Assumption by the Assignee and the Assignor by Electronic Signature or delivery of an executed counterpart of a signature page of this Assignment and Assumption by any Approved Electronic Platform shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

[RESERVED]

EXHIBIT C

[RESERVED]

EXHIBIT D

LIST OF CLOSING DOCUMENTS

NORTHWEST NATURAL GAS COMPANY

REIMBURSEMENT AGREEMENT

January 5, 2024

LIST OF CLOSING DOCUMENTS¹

A. CREDIT DOCUMENTS

1. Reimbursement Agreement (the “Reimbursement Agreement”) by and among Northwest Natural Gas Company, an Oregon corporation (the “Borrower”), the institutions from time to time parties thereto as Lenders (the “Lenders”) and Canadian Imperial Bank of Commerce, New York Branch, in its capacity as Administrative Agent for itself and the other Lenders (the “Administrative Agent”), evidencing an uncommitted letter of credit facility.

SCHEDULES

Schedule 2.01A	--	Applicable Percentage
<i>Schedule 3.08</i>	--	<i>Subsidiaries</i>

EXHIBITS

Exhibit A	--	Form of Assignment and Assumption
Exhibit B	--	[Reserved]
Exhibit C	--	[Reserved]
Exhibit D	--	List of Closing Documents
Exhibit E-1	--	Form of U.S. Tax Certificate (Foreign Lenders That Are Not Partnerships)
Exhibit E-2	--	Form of U.S. Tax Certificate (Foreign Participants That Are Not Partnerships)
Exhibit E-3	--	Form of U.S. Tax Certificate (Foreign Participants That Are Partnerships)
Exhibit E-4	--	Form of U.S. Tax Certificate (Foreign Lenders That Are Partnerships)

B. CORPORATE DOCUMENTS

3. *Certificate of the Secretary or an Assistant Secretary of the Borrower certifying (i) that there have been no changes in the Certificate of Incorporation or other charter document of the Borrower, as attached thereto and as certified as of a recent date by the Secretary of State (or*

¹ Each capitalized term used herein and not defined herein shall have the meaning assigned to such term in the above-defined Reimbursement Agreement. Items appearing in **bold** and *italics* shall be prepared and/or provided by the Borrower and/or Borrower’s counsel.

analogous governmental entity) of the jurisdiction of its organization, since the date of the certification thereof by such governmental entity, (ii) the By-Laws or other applicable organizational document, as attached thereto, of the Borrower as in effect on the date of such certification, (iii) resolutions of the Board of Directors or other governing body of the Borrower authorizing the execution, delivery and performance of each Credit Document to which it is a party, and (iv) the names and true signatures of the incumbent officers of the Borrower authorized to sign the Credit Documents to which it is a party, and authorized to request a Borrowing or the issuance of a Letter of Credit under the Reimbursement Agreement.

4. *Certificate of Existence for the Borrower from the Secretary of State of the jurisdiction of its organization.*

C. OPINIONS

5. *Opinion of Stoel Rives LLP, counsel for the Borrower.*

D. CLOSING CERTIFICATES AND MISCELLANEOUS

6. *A Certificate signed by the President, a Vice President or a Financial Officer of the Borrower certifying the following: (i) that all of the representations and warranties contained in Article III of the Reimbursement Agreement are true and correct, (ii) that no Default or Event of Default has occurred and is then continuing and (iii) that the Borrower has received all Required Filings.*
7. *The Administrative Agent shall have received (i) satisfactory audited consolidated financial statements of the Borrower for the two most recent fiscal years ended prior to the Effective Date as to which such financial statements are available and (ii) satisfactory unaudited interim consolidated financial statements of the Borrower for each quarterly period ended subsequent to the date of the latest financial statements delivered pursuant to clause (i) as to which such financial statements are available.*
8. *The Administrative Agent shall have received, at least five days prior to the Effective Date (or such shorter period agreed to by the Administrative Agent in its sole discretion), all documentation and other information regarding the Borrower requested in connection with applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act, to the extent requested in writing of the Borrower at least 10 days prior to the Effective Date and (ii) to the extent the Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, at least five days prior to the Effective Date, any Lender that has requested, in a written notice to the Borrower at least 10 days prior to the Effective Date, a Beneficial Ownership Certification in relation to the Borrower shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Agreement, the condition set forth in this clause (ii) shall be deemed to be satisfied).*

EXHIBIT E-1
FORM OF
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Reimbursement Agreement dated as of January 5, 2024 (as amended, restated, supplemented or otherwise modified from time to time, the “Reimbursement Agreement”), among Northwest Natural Gas Company (the “Borrower”), the Lenders party thereto and Canadian Imperial Bank of Commerce, New York Branch, as administrative agent (in such capacity, the “Administrative Agent”).

Pursuant to the provisions of Section 2.17 of the Reimbursement Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Applicable Percentage in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Reimbursement Agreement and used herein shall have the meanings given to them in the Reimbursement Agreement.

[NAME OF LENDER]

By: _____
Name: _____
Title: _____

Date: _____, 20[____]

EXHIBIT E-2

FORM OF

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Reimbursement Agreement dated as of January 5, 2024 (as amended, restated, supplemented or otherwise modified from time to time, the “Reimbursement Agreement”), among Northwest Natural Gas Company (the “Borrower”), the Lenders party thereto and Canadian Imperial Bank of Commerce, New York Branch, as administrative agent (in such capacity, the “Administrative Agent”).

Pursuant to the provisions of Section 2.17 of the Reimbursement Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Reimbursement Agreement and used herein shall have the meanings given to them in the Reimbursement Agreement.

[NAME OF PARTICIPANT]

By: _____
Name: _____
Title: _____

Date: _____, 20[____]

EXHIBIT E-3
FORM OF
U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Reimbursement Agreement dated as of January 5, 2024 (as amended, restated, supplemented or otherwise modified from time to time, the “Reimbursement Agreement”), among Northwest Natural Gas Company (the “Borrower”), the Lenders party thereto and Canadian Imperial Bank of Commerce, New York Branch, as administrative agent (in such capacity, the “Administrative Agent”).

Pursuant to the provisions of Section 2.17 of the Reimbursement Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Applicable Percentage in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Reimbursement Agreement and used herein shall have the meanings given to them in the Reimbursement Agreement.

[NAME OF PARTICIPANT]

By: _____
Name: _____
Title: _____

Date: _____, 20[____]

EXHIBIT E-4

FORM OF

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Reimbursement Agreement dated as of January 5, 2024 (as amended, restated, supplemented or otherwise modified from time to time, the “Reimbursement Agreement”), among Northwest Natural Gas Company (the “Borrower”), the Lenders party thereto and Canadian Imperial Bank of Commerce, New York Branch, as administrative agent (in such capacity, the “Administrative Agent”).

Pursuant to the provisions of Section 2.17 of the Reimbursement Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Applicable Percentage in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Applicable Percentage, (iii) with respect to the extension of credit pursuant to the Reimbursement Agreement or any other Credit Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Reimbursement Agreement and used herein shall have the meanings given to them in the Reimbursement Agreement.

[NAME OF LENDER]

By: _____
Name: _____
Title: _____

Date: _____, 20[____]

RESTRICTED STOCK UNIT AWARD AGREEMENT

This Agreement is entered into as of February __, 2024, between Northwest Natural Holding Company, an Oregon corporation (the "Company"), and _____ ("Recipient").

On February 21, 2024, the Organization and Executive Compensation Committee (the "Committee") of the Company's Board of Directors (the "Board") awarded restricted stock units to Recipient pursuant to Section 6 of the Company's Long Term Incentive Plan (the "Plan"). Recipient desires to accept the award subject to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Grant of Restricted Stock Units: Dividend Equivalents Subject to the terms and conditions of this Agreement, the Company hereby grants to the Recipient _____ restricted stock units (the "RSUs"). The grant of RSUs obligates the Company, upon vesting in accordance with this Agreement, to deliver to the Recipient one share of Common Stock of the Company (a "Share") for each RSU. Upon vesting of each RSU, the Company also agrees to make a dividend equivalent cash payment with respect to each vested RSU in an amount equal to the total amount of dividends paid per share of Company Common Stock for which the dividend record dates occurred after the date of this Agreement and before the date of delivery of the underlying Shares. The RSUs are subject to forfeiture as set forth in Sections 2.1 and 2.10 below.

2. Vesting; Forfeiture Restriction.

2.1 Vesting Schedule.

(a) All of the RSUs shall initially be unvested. Subject to Sections 2.3, 2.4, 2.5, 2.10 and 5.2, the RSUs shall vest as follows:

(1) one-fourth of the RSUs shall vest on March 1, 2025 if the Performance Threshold (as defined in Section 2.2 below) is satisfied for 2024;

(2) an additional one-fourth of the RSUs shall vest on March 1, 2026 if the Performance Threshold is satisfied for 2025;

(3) an additional one-fourth of the RSUs shall vest on March 1, 2027 if the Performance Threshold is satisfied for 2026; and

(4) the final one-fourth of the RSUs shall vest on March 1, 2028 if the Performance Threshold is satisfied for 2027.

(b) If the Performance Threshold is not satisfied for any year set forth in (1), (2), (3) or (4) above, the RSUs that would have vested if the Performance Threshold had been satisfied for that year (the "Performance Year") shall be forfeited to the Company effective as of the last day of the Performance Year. For example, if the Performance Threshold is not

satisfied for 2024, all RSUs that were scheduled to vest on March 1, 2025 shall be forfeited effective as of December 31, 2024.

(c) If a Change in Control (as defined in Section 2.6 below) occurs, the Performance Threshold shall be deemed to be satisfied for all Performance Years that were not completed prior to the Change in Control, with the effect that the RSUs outstanding at the time of the Change in Control shall vest upon completion of the applicable time periods in Section 2.1(a).

2.2 Performance Threshold.

(a) For purposes of this Agreement, the "Performance Threshold" for any year shall be satisfied if the ROE (as defined below) for that year is greater than the 5 Yr Avg Cost of LT Debt (as defined below) for that year.

(b) The "ROE" for any year shall be calculated by dividing the Company's Adjusted Net Income (as defined below) for the year by the Average Equity (as defined below) for the year. Subject to adjustment in accordance with Section 2.2(c) below, the Company's "Adjusted Net Income" for any year shall be equal to the Company's net income attributable to common shareholders for the year, as set forth in the audited consolidated statement of income of the Company and its subsidiaries for the year. Subject to adjustment in accordance with Section 2.2(c) below, "Average Equity" for any year shall mean the average of the Company's total common stock equity as of the last day of the year and the Company's total common stock equity as of the last day of the prior year, in each case as set forth on the audited consolidated balance sheet of the Company and its subsidiaries as of the applicable date.

(c) The Committee may, at any time, approve adjustments to the calculation of ROE to take into account such unanticipated circumstances or significant, non-recurring or unplanned events as the Committee may determine in its sole discretion, and such adjustments may increase or decrease ROE. Possible circumstances that may be the basis for adjustments shall include, but not be limited to, any change in applicable accounting rules or principles; any gain or loss on the disposition of a business; impairment of assets; dilution caused by Board approved business acquisition; tax changes and tax impacts of other changes; changes in applicable laws and regulations; changes in rate case timing; changes in the Company's structure; and any other circumstances outside of management's control.

(d) The "5 Yr Avg Cost of LT Debt" for any year shall mean the average of five numbers consisting of the Avg Cost of LT Debt (as defined below) for that year and for each of the four preceding years. The "Avg Cost of LT Debt" for any year shall be equal to the sum of the Weighted Costs (as defined below) calculated for each series or tranche of long-term debt of the Company outstanding on the last day of the year. The "Weighted Cost" for a series or tranche of long-term debt as of any date shall be calculated by multiplying the Effective Interest Rate (as defined below) on the debt as of that date by the outstanding principal balance of the debt on that date, and then dividing the resulting amount by the Company's total outstanding principal balance of long-term debt as of that date. The "Effective Interest Rate" for a series or tranche of long-term debt as of any date shall be the yield calculated based on the

settlement date for the original issuance of the series or tranche, the maturity date of the series or tranche, the stated annual interest rate of the series or tranche in effect on that date, the number of interest payments per year under the terms of the series or tranche, the initial borrowing of an amount equal to the principal balance net of Debt Issuance Costs (as defined below) for the series or tranche, and the repayment of principal at maturity or otherwise according to the terms of the series or tranche. The "Debt Issuance Costs" for a series or tranche of long-term debt shall include the fees, commissions and expenses of issuance of such debt, any other purchase discount from the face amount of such debt, and any premiums, write-offs of unamortized debt issuance costs and other costs incurred in connection with retiring debt refinanced with the proceeds of such debt, all as reflected in the Company's accounting records. For purposes of this Section 2.2(d), the Company's long term debt and the interest rates and outstanding principal balances of the outstanding series or tranches of long-term debt as of any date shall be those amounts as set forth in the audited consolidated financial statements of the Company and its subsidiaries for the year ending on that date, and shall in all cases include the current portion of any long-term debt and exclude borrowings under a revolving credit facility. For the avoidance of doubt, the Effective Interest Rate for purposes of this Agreement of each series of fixed-rate long-term debt outstanding as of the date of this Agreement is set forth on Exhibit A hereto.

2.3 Effect of Retirement, Death, or Disability.

(a) If Recipient's employment by the Company or any parent or subsidiary of the Company (the "Employer") terminates because of Retirement (as defined below), death or physical disability (within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder ("Code") and a Change in Control has not previously occurred, all outstanding RSUs shall remain outstanding and subject to potential future vesting upon satisfaction of the Performance Threshold for the applicable years.

(b) If Recipient's employment by the Employer terminates because of Retirement, death or physical disability and a Change in Control subsequently occurs, all outstanding RSUs shall immediately vest. If a Change in Control occurs and Recipient's employment by the Employer subsequently terminates because of Retirement, death or physical disability, all outstanding RSUs shall immediately vest.

(c) The term "Retirement" means termination of employment (1) on or after the first anniversary of the date of this Agreement, and (2) after the Recipient is (i) age 62 with at least five years of service as an employee of the Company or a parent or subsidiary of the Company, or (ii) age 55 with age plus years of service (including fractions) as an employee of the Company or a parent or subsidiary of the Company totaling at least 70; provided, however, that a termination of Recipient's employment by the Employer for Cause (as defined in Section 2.8 below) shall not constitute a Retirement.

2.4 CIC Acceleration if Party to a Severance Agreement If Recipient is a party to a Change in Control Severance Agreement with the Company or a parent or subsidiary of the Company, all outstanding RSUs shall immediately vest if Recipient becomes entitled to a Change in Control Severance Benefit (as defined below). A "Change in Control Severance

"Benefit" means the severance benefit provided for in Recipient's Change in Control Severance Agreement with the Company or a parent or subsidiary of the Company; provided, however, that such severance benefit is a "Change in Control Severance Benefit" for purposes of this Agreement only if, under the terms of Recipient's Change in Control Severance Agreement, Recipient becomes entitled to the severance benefit (a) after a change in control of the Company has occurred, (b) because Recipient's employment with the Employer has been terminated by Recipient for good reason in accordance with the terms and conditions of the Change in Control Severance Agreement or by the Employer other than for cause, and (c) because Recipient has satisfied any other conditions or requirements specified in the Change in Control Severance Agreement and necessary for Recipient to become entitled to receive the severance benefit. For purposes of this Section 2.4, the terms "change in control," "good reason," "cause" and "disability" shall have the meanings set forth in Recipient's Change in Control Severance Agreement.

2.5 CIC Acceleration if Not a Party to a Severance Agreement If Recipient is not a party to a Change in Control Severance Agreement with the Company or a parent or subsidiary of the Company, all outstanding RSUs shall immediately vest if a Change in Control (as defined in Section 2.6 below) occurs and at any time after the earlier of Shareholder Approval (as defined in Section 2.7 below), if any, or the Change in Control and on or before the second anniversary of the Change in Control, (a) Recipient's employment is terminated by the Employer (or its successor) without Cause (as defined in Section 2.8 below), or (b) Recipient's employment is terminated by Recipient for Good Reason (as defined in Section 2.9 below).

2.6 Change in Control. For purposes of this Agreement, a "Change in Control" of the Company shall mean the occurrence of any of the following events:

(a) The consummation of:

(1) any consolidation, merger or plan of share exchange involving the Company (a "Merger") as a result of which the holders of outstanding securities of the Company ordinarily having the right to vote for the election of directors ("Voting Securities") immediately prior to the Merger do not continue to hold at least 50% of the combined voting power of the outstanding Voting Securities of the surviving corporation or a parent corporation of the surviving corporation immediately after the Merger, disregarding any Voting Securities issued to or retained by such holders in respect of securities of any other party to the Merger; or

(2) any consolidation, merger, plan of share exchange or other transaction involving Northwest Natural Gas Company ("NW Natural") as a result of which the Company does not continue to hold, directly or indirectly, at least 50% of the outstanding securities of NW Natural ordinarily having the right to vote for the election of directors; or

(3) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company or NW Natural;

(b) At any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board ("Incumbent Directors") shall cease for any reason to constitute at least a majority thereof; provided, however, that the term "Incumbent Director" shall also include each new director elected during such two-year period whose nomination or election was approved by two-thirds of the Incumbent Directors then in office; or

(c) Any person (as such term is used in Section 14(d) of the Securities Exchange Act of 1934, other than the Company or any employee benefit plan sponsored by the Company or NW Natural) shall, as a result of a tender or exchange offer, open market purchases or privately negotiated purchases from anyone other than the Company, have become the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of Voting Securities representing twenty percent (20%) or more of the combined voting power of the then outstanding Voting Securities, but disregarding any Voting Securities with respect to which that acquirer has filed SEC Schedule 13G indicating that the Voting Securities were not acquired and are not held for the purpose of or with the effect of changing or influencing, directly or indirectly, the Company's management or policies, unless and until that entity or person files SEC Schedule 13D, at which point this exception will not apply to such Voting Securities, including those previously subject to a SEC Schedule 13G filing.

2.7 Shareholder Approval. For purposes of this Agreement, "Shareholder Approval" shall be deemed to have occurred if the shareholders of the Company approve an agreement entered into by the Company, the consummation of which would result in the occurrence of a Change in Control.

2.8 Cause. For purposes of this Agreement, "Cause" shall mean (a) the willful and continued failure by Recipient to perform substantially Recipient's assigned duties with the Employer (other than any such failure resulting from incapacity due to physical or mental illness) after a demand for substantial performance is delivered to Recipient by the Employer which specifically identifies the manner in which Recipient has not substantially performed such duties, (b) willful commission by Recipient of an act of fraud or dishonesty resulting in economic or financial injury to the Company or Employer, (c) willful misconduct by Recipient that substantially impairs the business or reputation of the Company or Employer, or (d) willful gross negligence by Recipient in the performance of his or her duties.

2.9 Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence after Shareholder Approval, if applicable, or the Change in Control, of any of the following circumstances, but only if (x) Recipient gives notice to Employer of Recipient's intent to terminate employment for Good Reason within 30 days after the later of (1) notice to Recipient of such circumstances, or (2) the Change in Control, and (y) such circumstances are not fully corrected by the Employer within 90 days after Recipient's notice:

(a) the assignment to Recipient of a different title, job or responsibilities that results in a decrease in the level of Recipient's responsibility; provided that Good Reason shall not exist if Recipient continues to have the same or a greater general level of

responsibility for the former Employer operations after the Change in Control as Recipient had prior to the Change in Control even though such responsibilities have necessarily changed due to the former Employer operations becoming a subsidiary or division of the surviving company;

(b) a reduction by the Employer in Recipient's base salary as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control;

(c) the failure by Employer to continue in effect any employee benefit or incentive plan in which Recipient is participating immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control (or plans providing Recipient with at least substantially similar benefits) other than as a result of the normal expiration of any such plan in accordance with its terms as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control, or the taking of any action, or the failure to act, by Employer which would adversely affect Recipient's continued participation in any of such plans on at least as favorable a basis to Recipient as is the case immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control or which would materially reduce Recipient's benefits in the future under any of such plans or deprive Recipient of any material benefit enjoyed by Recipient immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control;

(d) the failure by the Employer to provide and credit Recipient with the number of paid vacation days to which Recipient is then entitled in accordance with the Employer's normal vacation policy as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control; or

(e) the Employer's requiring Recipient to be based more than 25 miles from where Recipient's office is located immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control except for required travel on the Employer's business to an extent substantially consistent with the business travel obligations which Recipient undertook on behalf of the Employer prior to the earlier of Shareholder Approval, if applicable, or the Change in Control.

2.10 Forfeiture: Possible Restoration. If Recipient ceases to be employed by the Employer for any reason or for no reason, with or without cause, other than because of Retirement, death or physical disability (within the meaning of Section 22(e)(3) of the Code), any RSUs that did not vest pursuant to this Section 2 or Section 5.2 at or prior to the time of such termination of employment shall be forfeited to the Company; provided, however, that if Recipient's employment is terminated by the Employer without Cause or by the Recipient for Good Reason after Shareholder Approval but before a Change in Control, any RSUs that are forfeited under this sentence shall be restored to the Recipient and vested if a Change in Control subsequently occurs within two years.

3. Certification and Delivery. As soon as practicable following the completion of each Performance Year, the Company shall calculate the ROE and the 5 Yr Avg Cost of LT Debt for that Performance Year, and shall submit those calculations to the Committee. At or prior to the regularly scheduled meeting of the Committee held in February of the year immediately

following each Performance Year (each, a "Certification Meeting"), the Committee shall certify in writing (which may consist of approved minutes of the meeting) whether or not the Performance Threshold was satisfied for that Performance Year. Unless otherwise required under this Agreement as a result of the occurrence of a Change in Control, no amounts shall be delivered or paid unless the Committee certifies that the Performance Threshold has been satisfied for the applicable Performance Year. Subject to applicable tax withholding, on a date (a "Payment Date") that is on or as soon as practicable after the date any of the RSUs become vested or, if later, five business days following the Certification Meeting relating to those RSUs, the Company shall deliver to Recipient (a) the number of Shares underlying the RSUs that vested (rounded down to the nearest whole share), and (b) the dividend equivalent cash payment determined under Section 1 with respect to the number of Shares that are delivered; provided, however, that if accelerated vesting of the RSUs occurs pursuant to Section 2.3(b) as a result of Recipient's Retirement after a Change in Control has previously occurred, the Payment Date shall be payable upon Recipient's separation from service (within the meaning of Section 409A of the Internal Revenue Code). Notwithstanding the foregoing provisions of this Section 3, if Recipient shall have made a valid election to defer receipt of the Shares and dividend equivalent cash payment pursuant to the terms of Northwest Natural's Deferred Compensation Plan for Directors and Executives (the "DCP"), payment of RSUs that vest shall be made in accordance with that election.

4. Tax Withholding.

4.1 Recipient acknowledges that, on any Payment Date when Shares are delivered to Recipient, the Value (as defined below) on that date of the Shares so delivered (as well as the amount of the related dividend equivalent cash payment) will be treated as ordinary compensation income for federal and state income and FICA tax purposes, and that the Employer will be required to withhold taxes on these income amounts. To satisfy the required withholding amount, the Employer shall first withhold all or part of the dividend equivalent cash payment, and if that is insufficient, the Employer shall withhold the number of Shares having a Value equal to the remaining withholding amount. For purposes of this Section 4, the "Value" of a Share shall be equal to the closing market price for Company Common Stock on the last trading day preceding the date on which the Share is treated for federal income tax purposes as transferred to Recipient.

4.2 If the Employer is required to withhold FICA taxes with respect to the RSUs prior to the time the shares underlying the RSU otherwise become payable, Recipient shall, immediately upon notification of the amount due, pay to the Company in cash or by check amounts necessary to satisfy applicable FICA withholding requirements. If Recipient fails to pay the amount demanded, the Company may withhold that amount from other amounts payable to Recipient, including salary, subject to applicable law. Alternatively, the Employer may, in its sole discretion, choose to treat the FICA withholding as a loan to Recipient on terms determined by the Employer and communicated to Recipient.

4.3 Notwithstanding Section 4.1., Recipient may elect not to have Shares withheld to cover taxes by giving notice to the Company in writing prior to the Payment Date, in

which case the Shares shall be issued or acquired in Recipient's name on the Payment Date thereby triggering the tax consequences, but the Company shall retain the certificate for the Shares as security until Recipient shall have paid to the Company in cash any required tax withholding not covered by withholding of the dividend equivalent cash payment.

5. Sale of the Company. If there shall occur a merger, consolidation or plan of exchange involving the Company pursuant to which the outstanding shares of Common Stock of the Company are converted into cash or other stock, securities or property, or a sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company, then either:

5.1 the unvested RSUs shall be converted into restricted stock units for stock of the surviving or acquiring corporation in the applicable transaction, using the exchange rate, if any, used in determining shares of the surviving corporation to be held by the former holders of the Company's Common Stock following the applicable transaction, or, if there was no exchange rate, taking into account the relative values of the companies involved in the applicable transaction, and disregarding fractional shares with the amount and type of shares subject thereto to be conclusively determined by the Committee;

5.2 the unvested RSUs shall be converted into a cash payment obligation of the surviving or acquiring corporation in an amount equal to the proceeds a holder of the underlying shares would have received in proceeds from such transaction with respect to those shares, plus the related dividend equivalent cash payment with respect to the underlying Shares; or

5.3 all of the unvested RSUs shall immediately vest and the underlying Shares and related dividend equivalent cash payment shall be delivered simultaneously with the closing of the applicable transaction such that Recipient will participate as a shareholder in receiving proceeds from such transaction with respect to those Shares.

6. Changes in Capital Structure. If, prior to the full vesting of all of the RSUs granted under this Agreement, the outstanding Common Stock of the Company is increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of any stock split, combination of shares or dividend payable in shares, recapitalization or reclassification, appropriate adjustment shall be made by the Committee in the number and kind of shares subject to the unvested RSUs so that Recipient's proportionate interest before and after the occurrence of the event is maintained. Notwithstanding the foregoing, the Committee shall have no obligation to effect any adjustment that would or might result in the issuance of fractional shares, and any fractional shares resulting

from any adjustment may be disregarded or provided for in any manner determined by the Committee. Any such adjustments made by the Committee shall be conclusive.

7. Recoupment. This award shall be subject to recoupment as provided in the Company's Code of Conduct and in the Company's Compensation Recovery Policy as in effect on the date hereof, as each may be amended, restated or modified from time to time.

8. Approvals. The obligations of the Company under this Agreement are subject to the approval of state and federal authorities or agencies with jurisdiction in the matter. The Company will use its best efforts to take steps required by state or federal law or applicable regulations, including rules and regulations of the Securities and Exchange Commission and any stock exchange on which the Company's shares may then be listed, in connection with the award under this Agreement. The foregoing notwithstanding, the Company shall not be obligated to issue or deliver Common Stock under this Agreement if such issuance or delivery would violate applicable state or federal law.

9. No Right to Employment. Nothing contained in this Agreement shall confer upon Recipient any right to be employed by the Employer or to continue to provide services to the Employer or to interfere in any way with the right of the Employer to terminate Recipient's services at any time for any reason, with or without cause.

10. Miscellaneous.

10.1 Entire Agreement; Amendment. This Agreement constitutes the entire agreement of the parties with regard to the subjects hereof and may be amended only by written agreement between the Company and Recipient.

10.2 Notices. Any notice required or permitted under this Agreement shall be in writing and shall be deemed sufficient when delivered personally to the party to whom it is addressed or when deposited into the United States Mail as registered or certified mail, return receipt requested, postage prepaid, addressed to the Company, Attention: Corporate Secretary, at its 250 SW Taylor Street, Portland, Oregon 97204 or to Employer, Attention: Corporate Secretary, at its principal executive offices, or to Recipient at the address of Recipient in the Company's records, or at such other address as such party may designate by ten (10) days' advance written notice to the other party.

10.3 Assignment; Rights and Benefits. Recipient shall not assign this Agreement or any rights hereunder to any other party or parties without the prior written consent of the Company. The rights and benefits of this Agreement shall inure to the benefit of and be enforceable by the Company's successors and assigns and, subject to the foregoing restriction on assignment, be binding upon Recipient's heirs, executors, administrators, successors and assigns.

10.4 Further Action. The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

10.5 Applicable Law; Attorneys' Fees. The terms and conditions of this Agreement shall be governed by the laws of the State of Oregon. In the event either party institutes litigation hereunder, the prevailing party shall be entitled to reasonable attorneys' fees to be set by the trial court and, upon any appeal, the appellate court.

10.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

11. Section 409A.

11.1 The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Code ("Section 409A"), to the extent subject thereto, or otherwise be exempt from Section 409A, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be exempt from or in compliance therewith. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate and distinct payment for purposes of Section 409A. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A:

(a) Recipient shall not be considered to have terminated employment with the Company for purposes of any payments under this Agreement which are subject to Section 409A until Recipient would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A;

(b) Amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement or any other arrangement between Recipient and the Company during the six (6) month period immediately following Recipient's separation from service shall instead be paid on the first business day after the date that is six (6) months following Recipient's separation from service (or, if earlier, Recipient's date of death);

(c) Any payment that will be in compliance with Section 409A only if payable under designations permitted by Treas. Reg. Section 1.409A-3(c), or only if payable upon termination of a deferred compensation plan pursuant to Treas. Reg. Section 1.409A-3(j)(iv), shall be made only in compliance with such regulations;

(d) Any payment that will be in compliance with Section 409A only if payable upon a change in control event within the meaning Treas. Reg. Section 1.409A-3(i)(5) shall be made only in compliance with such regulation; and

(e) If any severance amount payable under any other agreement that Recipient may have a right or entitlement to as of the date of this Agreement constitutes deferred compensation under Section 409A, then the portion of the benefits payable hereunder equal to such other amount shall instead be provided in the form set forth in such other agreement.

11.2 The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A and makes no

undertaking to preclude Section 409A from applying to any such payment. Recipient understands and agrees that Recipient shall be solely responsible for the payment of any taxes, penalties, interest or other expenses incurred by Recipient on account of non-compliance with Section 409A.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

NORTHWEST NATURAL HOLDING COMPANY

By _____
Title _____

RECIPIENT

EFFECTIVE INTEREST RATES OF OUTSTANDING LONG-TERM DEBT

The outstanding series or tranches of long-term debt of the Company outstanding as of the date of this Agreement and the Effective Interest Rate of each such series or tranche are as follows:

<u>Series</u>	<u>Effective Interest Rate</u>
Corp 5000:	
7.720 % Series due 2025	8.336%
6.520 % Series due 2025	6.589%
7.050 % Series due 2026	7.121%
3.211 % Series due 2026	3.383%
7.000 % Series due 2027	7.062%
6.650 % Series due 2027	6.714%
2.822 % Series due 2027	2.966%
6.650 % Series due 2028	6.727%
3.141 % Series due 2029	3.275%
7.740 % Series due 2030	8.433%
7.850 % Series due 2030	8.551%
5.820 % Series due 2032	5.913%
5.660 % Series due 2033	5.723%
5.750 % Series due 2033	5.924%
5.180 % Series due 2034	5.235%
5.250 % Series due 2035	5.316%
5.230 % Series due 2038	5.275%
4.000 % Series due 2042	4.062%
4.136 % Series due 2046	4.226%
3.685 % Series due 2047	3.754%
4.110 % Series due 2048	4.145%
3.869 % Series due 2049	3.938%
3.600 % Series due 2050	3.690%
3.078 % Series due 2051	3.135%
4.780 % Series due 2052	4.806%
5.430 % Series due 2053	5.464%

Corp 6000:	
3.229 % weighted rate Notes	3.229%
SOFR Loan due 2024	5.598%
LIBOR Loan due 2026	4.738%
Corp 1000:	
SOFR Loan due 2024	5.585%

AMENDMENT OF AWARD AGREEMENTS

February 22, 2024

The undersigned is party to one or more Restricted Stock Award Agreements (each, an "RSU Agreement") and/or Performance Share Long Term Incentive Agreements (each, a "Performance Share Agreement") with Northwest Natural Holding Company (the "Company") with unvested awards thereunder (collectively, the "Agreements").

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned and the Company hereby agree as follows effective as of the date set forth above:

1. Amendment to Recoupment Provisions.

Section 7 of the RSU Agreement and Section 9 of the Performance Share Agreements are hereby amended and restated in their entirety as follows:

"Recoupment. This award shall be subject to recoupment as provided in the Company's Code of Conduct and in the Northwest Natural Holding Company Compensation Recovery Policy as in effect on February 22, 2024, as each may be amended, restated or modified from time to time."

2. Except as set forth in Section 1 above, each Agreement is unmodified and remains in full force and effect.

RECIPIENT

NORTHWEST NATURAL
HOLDING COMPANY

By:

[]

As amended
effective February 22, 2024

NORTHWEST NATURAL GAS COMPANY
EXECUTIVE ANNUAL INCENTIVE PLAN

This amended Executive Annual Incentive Plan (the "Plan") is executed by Northwest Natural Gas Company, an Oregon corporation (the "Company"), effective February 22, 2024. Effective October 1, 2018, the Company became a wholly-owned subsidiary of Northwest Natural Holding Company ("Parent") and holders of Company common stock became holders of Parent common stock ("Parent Common Stock").

PURPOSE OF PLAN

The success of the Company is dependent upon its ability to attract and retain the services of key executives of the highest competence and to provide incentives for superior performance. The purpose of the plan is to advance the interests of the Company and its stakeholders through an incentive compensation program that will attract and retain key executives and motivate them to achieve performance goals.

PROGRAM TERM

This Plan is an annual incentive plan and each new calendar year commences a new Program Term. Each Program Term will begin on January 1 and conclude on December 31.

PARTICIPATION

All executive officers of the company and any other highly compensated employees as designated by the Company's Organization and Executive Compensation Committee (the "Committee") are eligible to receive awards ("Awards") under the Executive Annual Incentive Plan.

At the beginning of each Program Term, the Committee shall determine eligibility for Awards and establish for each participant, the target incentive level as a percentage of year-end annualized based salary ("Target Award"). This information will be set forth in Exhibit I of the Plan document for the Program Term. Each such participating employee shall be referred to as a "Participant."

To be eligible for payout of an Award the Participant must have a minimum of three months of service during the Program Term. If the Participant is a new employee or is newly eligible to participate in the Plan, that Participant must be in an eligible position on or before September 30 of the Program Term and will receive a prorated Award. In addition, the Participant must be employed by the Company or Parent on December 31 of the Program Term to be eligible for

payout of the Award for the Program Term unless the Participant is eligible for a prorated Award as provided in the next two sentences. Eligibility for a prorated Award occurs when a Participant has three or more months of participation in the Program Term but the Participant's employment is terminated prior to December 31 of the Program Term due to one of the following: Retirement (unless such Retirement results from a termination of the Participant's employment by the Company or Parent for Cause), disability, and death. In addition, the Committee, in its discretion, may prorate an Award for a Participant who moves employment from the Parent or any direct or indirect subsidiary of the Parent to the Parent or any direct or indirect subsidiary of Parent during the Program Term. Prorated Awards will be determined by prorating the Participant's final Award by multiplying the amount of the final Award by a fraction, the numerator of which is the number of days the Participant was employed by the Company during the Program Term and the denominator of which is 365.

If a Participant is a party to a Change in Control Severance Agreement with the Company or a parent or subsidiary of the Company, and Participant becomes entitled to a Change in Control Severance Benefit (as defined below) before the end of the Program Term, then within ten days after the Participant's termination of employment such Participant will be paid a prorated Award equal to such person's Target Award multiplied by a fraction, the numerator of which is the number of days during the Program Term they were employed by the Employer (as defined below) and the denominator of which is 365. A "Change in Control Severance Benefit" means the severance benefit provided for in Participant's Change in Control Severance Agreement with the Company or a parent or subsidiary of the Company; provided, however, that such severance benefit is a "Change in Control Severance Benefit" for purposes of this Agreement only if, under the terms of Participant's Change in Control Severance Agreement, Participant becomes entitled to the severance benefit (a) after a change in control of the Company has occurred, (b) because Participant's employment with the Company or a parent or subsidiary of the Company ("Employer") has been terminated by Participant for good reason in accordance with the terms and conditions of the Change in Control Severance Agreement or by Employer other than for cause, and (c) because Participant has satisfied any other conditions or requirements specified in the Change in Control Severance Agreement and necessary for Participant to become entitled to receive the severance benefit. For purposes of this paragraph, the terms "change in control," "good reason," "cause" and "disability" shall have the meanings set forth in Participant's Change in Control Severance Agreement.

For a Participant who is not a party to a Change in Control Severance Agreement with Employer, if a Change in Control occurs during the Program Term and (a) Participant's employment is terminated by Employer (or its successor) without Cause (as defined below) prior to the end of the Program Term, or (b) Participant's employment is terminated by Participant for Good Reason (as defined below) prior to the end of the Program Term, then within ten days after the Participant's termination of employment such Participant will be paid a prorated Award equal to such person's Target Award multiplied by a fraction, the numerator of which is the number of days during the Program Term they were employed by Employer and the denominator of which is 365.

If a Change in Control occurs during the Program Term and a Participant remains employed by Employer through the end of the Program Term, such a Participant will receive a payout equal to their Target Award.

"Change in Control" shall mean the occurrence of any of the following events:

(a) The consummation of:

(i) any consolidation, merger or plan of share exchange involving Parent (a "Merger") as a result of which the holders of outstanding securities of Parent ordinarily having the right to vote for the election of directors ("Voting Securities") immediately prior to the Merger do not continue to hold at least 50% of the combined voting power of the outstanding Voting Securities of the surviving corporation or a parent corporation of the surviving corporation immediately after the Merger, disregarding any Voting Securities issued to or retained by such holders in respect of securities of any other party to the Merger;

(ii) any consolidation, merger, plan of share exchange or other transaction involving the Company as a result of which Parent does not continue to hold, directly or indirectly, at least 50% of the outstanding securities of the Company ordinarily having the right to vote for the election of directors; or

(iii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of Parent or the Company;

(b) At any time during a period of two consecutive years, individuals who at the beginning of such period constituted Parent's Board of Directors ("Incumbent Directors") shall cease for any reason to constitute at least a majority thereof; provided, however, that the term "Incumbent Director" shall also include each new director elected during such two-year period whose nomination or election was approved by two-thirds of the Incumbent Directors then in office; or

(c) Any person (as such term is used in Section 14(d) of the Securities Exchange Act of 1934, other than Parent or any employee benefit plan sponsored by Parent) shall, as a result of a tender or exchange offer, open market purchases or privately negotiated purchases from anyone other than Parent, have become the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of Voting Securities representing twenty percent (20%) or more of the combined voting power of the then outstanding Voting Securities, but disregarding any Voting Securities with respect to which that acquirer has filed SEC Schedule 13G indicating that the Voting Securities were not acquired and are not held for the purpose of or with the effect of changing or influencing, directly or indirectly, the Company's management or policies, unless and until that entity or person files SEC Schedule 13D, at which point this exception will not apply to such Voting Securities, including those previously subject to a SEC Schedule 13G filing.

"Cause" shall mean (a) the willful and continued failure by a Participant to perform substantially the Participant's assigned duties with the Company or Parent (other than any such failure

resulting from incapacity due to physical or mental illness) after a demand for substantial performance is delivered to the Participant by the Company or Parent which specifically identifies the manner in which the Participant has not substantially performed such duties, (b) willful commission by a Participant of an act of fraud or dishonesty resulting in economic or financial injury to the Company or Parent, (c) willful misconduct by a Participant that substantially impairs the Company's or Parent's business or reputation, or (d) willful gross negligence by a Participant in the performance of his or her duties.

"Good Reason" shall mean the occurrence after Shareholder Approval, if applicable, or the Change in Control, of any of the following circumstances, but only if (x) Participant gives notice to Employer of Participant's intent to terminate employment for Good Reason within 30 days after the later of (1) notice to Participant of such circumstances, or (2) the Change in Control, and (y) such circumstances are not fully corrected by the Employer within 90 days after Participant's notice:

(a) the assignment to Participant of a different title, job or responsibilities that results in a decrease in the level of Participant's responsibility; provided that Good Reason shall not exist if Participant continues to have the same or a greater general level of responsibility for the former Employer operations after the Change in Control as Participant had prior to the Change in Control even though such responsibilities have necessarily changed due to the former Employer operations becoming a subsidiary or division of the surviving company;

(b) a reduction by the Employer in Participant's base salary as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control;

(c) the failure by Employer to continue in effect any employee benefit or incentive plan in which Participant is participating immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control (or plans providing Participant with at least substantially similar benefits) other than as a result of the normal expiration of any such plan in accordance with its terms as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control, or the taking of any action, or the failure to act, by Employer which would adversely affect Participant's continued participation in any of such plans on at least as favorable a basis to Participant as is the case immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control or which would materially reduce Participant's benefits in the future under any of such plans or deprive Participant of any material benefit enjoyed by Participant immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control;

(d) the failure by the Employer to provide and credit Participant with the number of paid vacation days to which Participant is then entitled in accordance with the Employer's normal vacation policy as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control; or

(e) the Employer's requiring Participant to be based more than 25 miles from where Participant's office is located immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control except for required travel on the Employer's

business to an extent substantially consistent with the business travel obligations which Participant undertook on behalf of the Employer prior to the earlier of Shareholder Approval, if applicable, or the Change in Control.

"Retirement" shall mean termination of employment after Participant is (a) age 62 with at least five years of service as an employee of the Company and Parent, or (b) age 55 with age plus years of service (including fractions) as an employee of the Company and Parent totaling at least 70.

"Shareholder Approval" shall be deemed to have occurred if the shareholders of Parent approve an agreement entered into by Parent, the consummation of which would result in the occurrence of a Change in Control.

In the event of a change in job position during the Program Term, the Committee may, in its discretion, increase or decrease the amount of a Participant's Award to reflect such change.

INCENTIVE FORMULA

The formula for calculating Awards for each Program Term is as follows:

$$\text{Target Award} \times \left[\left(\frac{\text{Company Performance Factor (CPF)}}{\text{CPF Factor Weight}} \right) + \left(\frac{\text{Priority/Individual Performance Factor (IPF)}}{\text{IPF Factor Weight}} \right) \right] = \text{Participant Award}$$

COMPANY PERFORMANCE FACTOR

The Company performance goals in the Plan are intended to align the interest of Participants with those of the shareholders. The goals and the formula for determining the Company Performance Factor will be established by the Committee at the start of each Program Term and set forth as Exhibit II. The Committee may, at any time, approve adjustments to the calculation of the results under any Company performance goal to take into account such unanticipated circumstances or significant, non-recurring or unplanned events as the Committee may determine in its sole discretion, and such adjustments may increase or decrease the results. Possible circumstances that may be the basis for adjustments shall include, but not be limited to, any change in applicable accounting rules or principles; any gain or loss on the disposition of a business; impairment of assets; dilution caused by acquiring a business; tax changes and tax impacts of other changes; changes in applicable laws and regulations; changes in rate case timing; changes in the Company's structure; and any other circumstances outside of management's control.

PRIORITY/INDIVIDUAL PERFORMANCE FACTOR

The P/IPF weight used in calculating the Priority/Individual Performance Factor will be established for each Participant by the Committee at the beginning of the Program Term and set forth as part of Exhibit I. Also included in Exhibit I will be the CPF Factor Weight for the Company Performance Factor. Priority/Individual goals for each Participant will be established at the beginning of each Program Term and performance against these goals will be assessed by the Participant's superior and approved by the C.E.O. at the end of the Program Term. This assessment will result in a rating on a scale of 0% to 175%. This rating is called the Priority/Individual Performance Factor. The Participant will not receive a payout under the Priority/Individual Performance component of an Award if the Priority/Individual Performance Factor is less than 50%.

ADMINISTRATION

Award payouts will be calculated and paid no later than the March 15 following the end of the Program Term. Award payouts are subject to tax withholding unless the Participant made a prior election to defer the Award payout under the terms of the Deferred Compensation Plan for Directors and Executives ("DCP").

All Award payouts shall be audited by the Internal Audit department and approved by the Committee prior to payment.

The Plan shall be administered by the Committee. The Committee shall have the exclusive authority and responsibility for all matters in connection with the operation and administration of the Plan. Decisions by the Committee shall be final and binding upon all parties affected by the Plan, including the beneficiaries of Participants.

The Committee may rely on information and recommendations provided by management. The Committee may delegate to management the responsibility for decisions that it may make or actions that it may take under the terms of the Plan, subject to the Committee's reserved right to review such decisions or actions and modify them when necessary or appropriate under the circumstances. The Committee shall not allow any employee to obtain control over decisions or actions that affect that employee's Plan benefits.

RECOUPMENT

Awards made pursuant to this Plan shall be subject to recoupment pursuant to the Company's Code of Conduct and the Northwest Natural Holding Company Compensation Recovery Policy, as each may be amended, restated or modified from time to time.

AMENDMENTS AND TERMINATION

The Board has the power to terminate this Plan at any time or to amend this Plan at any time and in any manner that it may deem advisable.

IN WITNESS WHEREOF this Plan was duly amended effective as of February 22, 2024.

NORTHWEST NATURAL GAS COMPANY

By: /s/DAVID H. ANDERSON

David H. Anderson
President and Chief Executive Officer

**NORTHWEST NATURAL HOLDING COMPANY
LONG TERM INCENTIVE PLAN**
(as amended as of October 1, 2018, February 23, 2023 and February 22, 2024)

1. Purpose. The purpose of this Long Term Incentive Plan (the "Plan") is to enable Northwest Natural Holding Company (the "Company") to attract and retain the services of selected employees, officers and directors of the Company or of any subsidiary of the Company. The Plan was originally adopted by Northwest Natural Gas Company ("Northwest Natural"). Effective October 1, 2018, Northwest Natural became a wholly owned subsidiary of the Company and holders of Northwest Natural common stock became holders of Company common stock ("Common Stock"), and in connection with that transaction the Plan has been adopted and assumed by the Company and outstanding awards under the Plan have been assumed by the Company.

2. Shares Subject to the Plan. Subject to adjustment as provided below and in Section 9, the shares to be offered under the Plan shall consist of Common Stock of the Company, and the total number of shares of Common Stock that may be awarded under the Plan, including all shares of Northwest Natural common stock awarded under the Plan prior to its assumption by the Company, shall not exceed 1,100,000 shares. The shares awarded under the Plan may be authorized and unissued shares, reacquired shares or shares purchased on the open market for delivery to participants. If an option, Stock Award or Performance-based Award granted under the Plan expires, terminates or is cancelled, the shares subject to such option, Stock Award or Performance-based Award shall again be available under the Plan. If any shares delivered pursuant to a Stock Award or Performance-based Award under the Plan are forfeited to the Company, the number of shares forfeited shall again be available under the Plan.

3. Duration of Plan. The Plan shall continue in effect until all shares available for award under the Plan have been delivered to participants and all restrictions on such shares have lapsed; provided, however, that no awards shall be made under the Plan on or after the later of May 25, 2027 or the 10th anniversary of the last action after October 1, 2018 by the shareholders of the Company approving or re-approving the Plan. The Board of Directors may suspend or terminate the Plan at any time except with respect to awards and shares subject to restrictions then outstanding under the Plan. Termination shall not affect any outstanding awards or the forfeitability of shares awarded under the Plan.

4. Administration.

(a) **Board of Directors.** The Plan shall be administered by the Board of Directors of the Company, which shall determine and designate from time to time the individuals to whom awards shall be made, the amount of the awards and the other terms and conditions of the awards. Subject to the provisions of the Plan, the Board of Directors may from time to time adopt and amend rules and regulations relating to administration of the Plan, advance the lapse of any waiting period, accelerate any exercise date, waive or modify any restriction applicable to shares (except those restrictions imposed by law) and make all other determinations in the judgment of the Board of Directors necessary or desirable for the administration of the Plan. The interpretation and construction of the provisions of the Plan and related agreements by the Board of Directors shall be final and conclusive. The Board of Directors may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any related agreement in the manner and to the extent it shall deem expedient to carry the Plan into effect, and it shall be the sole and final judge of such expediency.

(b) **Committee.** The Board of Directors may delegate to a committee of the Board of Directors (the "Committee") any or all authority for administration of the Plan. If authority is delegated to a Committee, all references to the Board of Directors in the Plan shall mean and relate to the

Committee except (i) as otherwise provided by the Board of Directors, and (ii) that only the Board of Directors may amend or terminate the Plan as provided in Sections 3 and 10.

(c) **No Dividends on Unvested Awards.** No award granted under the Plan shall provide for the payment of dividends on shares subject to the award before the shares have Vested; provided, however, that dividends accumulated between the grant date of an award and the Vesting date on shares that become Vested under the award may be paid to the recipient at or after the time the shares become Vested. "Vested" means that shares have been delivered to the recipient and are no longer subject to a substantial risk of forfeiture (as defined in regulations under Section 83 of the Internal Revenue Code of 1986, as amended ("IRC").

(d) **Minimum Service Period.** No award granted under the Plan on or after January 1, 2017 shall become Vested if the recipient does not remain in the service of the Company until the first anniversary of the date of grant, unless the recipient's service is terminated as a result of the recipient's death or physical disability (within the meaning of Section 22(e)(3) of the IRC), or such earlier Vesting occurs as a result of a Change in Control of the Company; provided, however, that the foregoing prohibition shall not apply to five percent of the sum of the number of shares available for awards under the Plan on January 1, 2017 plus the number of additional shares that thereafter become available.

(e) **Change in Control Vesting.** No award granted under the Plan on or after January 1, 2017 shall provide for any excuse from satisfaction of the continued service conditions of the award as a result of a Change in Control of the Company, except that an award agreement may excuse the recipient from the continued service obligation if:

(i) the recipient's employment is terminated by the employer without cause or by the recipient for good reason in connection with the Change in Control under terms specified in the award agreement; or

(ii) the award is not converted into an award for stock of the surviving or acquiring corporation in the Change in Control transaction under terms specified in the award agreement.

(f) **Change in Control Definition.** For purposes of the Plan, a "Change in Control" shall mean the occurrence of any of the following events:

(i) The consummation of:

(1) any consolidation, merger or plan of share exchange involving the Company (a "Merger") as a result of which the holders of outstanding securities of the Company ordinarily having the right to vote for the election of directors ("Voting Securities") immediately prior to the Merger do not continue to hold at least 50% of the combined voting power of the outstanding Voting Securities of the surviving corporation or a parent corporation of the surviving corporation immediately after the Merger, disregarding any Voting Securities issued to or retained by such holders in respect of securities of any other party to the Merger;

(2) any consolidation, merger, plan of share exchange or other transaction involving NW Natural or an affiliate of the Company specified in the award agreement with the recipient approved by the Board of Directors (a "Business Unit") as a result of which the Company does not continue to hold, directly or indirectly, at least 50% of the outstanding securities of NW Natural or the Business Unit, if applicable, ordinarily having the right to vote for the election of directors; or

(3) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company, NW Natural, or, the Business Unit, if applicable;

(ii) At any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board ("Incumbent Directors") shall cease for any reason to constitute at least a majority thereof; provided, however, that the term "Incumbent Director" shall also include each new director elected during such two-year period whose nomination or election was approved by two-thirds of the Incumbent Directors then in office; or

(iii) Any person (as such term is used in Section 14(d) of the Securities Exchange Act of 1934, other than the Company or any employee benefit plan sponsored by the Company) shall, as a result of a tender or exchange offer, open market purchases or privately negotiated purchases from anyone other than the Company, have become the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of Voting Securities representing twenty percent (20%) or more of the combined voting power of the then outstanding Voting Securities, but disregarding any Voting Securities with respect to which that acquirer has filed SEC Schedule 13G indicating that the Voting Securities were not acquired and are not held for the purpose of or with the effect of changing or influencing, directly or indirectly, the Company's management or policies, unless and until that entity or person files SEC Schedule 13D, at which point this exception will not apply to such Voting Securities, including those previously subject to a SEC Schedule 13G filing.

5. Types of Awards; Eligibility. The Board of Directors may, from time to time, take the following actions, separately or in combination, under the Plan: (i) grant Stock Awards, including restricted stock and restricted stock units, as provided in Section 6; (ii) grant stock options as provided in Section 7; and (iii) grant Performance-based Awards as provided in Section 8. An award may be made to any employee, officer or director of the Company or any subsidiary of the Company, except that no stock option or Performance-based Award may be granted to any director who is not also an employee of the Company. The Board of Directors shall select the individuals to whom awards shall be made and shall specify the action taken with respect to each individual to whom an award is made.

6. Stock Awards, including Restricted Stock and Restricted Stock Units. The Board of Directors may grant shares as stock awards under the Plan ("Stock Awards"). No director of the Company who is not also an employee of the Company may be granted Stock Awards in any fiscal year for more than \$300,000 in fair market value (as defined in Section 7(c)) of Common Stock. Stock Awards shall be subject to the terms, conditions and restrictions determined by the Board of Directors. The restrictions may include restrictions concerning transferability and forfeiture of the shares awarded, together with any other restrictions determined by the Board of Directors. Stock Awards subject to restrictions may be either restricted stock awards under which shares are delivered immediately upon grant subject to forfeiture if vesting conditions are not satisfied, or restricted stock unit awards under which shares are not delivered until after vesting conditions are satisfied. The Board of Directors may require the recipient to sign an agreement as a condition of the award, but may not require the recipient to pay any monetary consideration other than amounts necessary to satisfy tax withholding requirements. The agreement may contain any terms, conditions, restrictions, representations and warranties required by the Board of Directors. The certificates representing the shares awarded shall bear any legends required by the Board of Directors. The Company may require any recipient of a Stock Award to pay to the Company in cash or by check upon demand amounts necessary to satisfy any applicable federal, state or local tax withholding requirements. If the recipient fails to pay the amount demanded, the Company may withhold that amount from other amounts payable to the recipient, including salary, subject to applicable law. With the consent of the Board of Directors, a recipient may satisfy this obligation, in whole or in

part, by instructing the Company to withhold from any shares to be received or by delivering to the Company other shares of Common Stock; provided, however, that the number of shares so withheld or delivered shall not exceed the minimum amount necessary to satisfy the required tax withholding obligation. Upon the delivery of shares under a Stock Award, the number of shares reserved for award under the Plan shall be reduced by the number of shares delivered, less the number of shares withheld or delivered to satisfy tax withholding obligations; provided, however, that effective for shares delivered on and after January 1, 2017, the adjustment for shares withheld or delivered to satisfy tax withholding obligations shall no longer apply.

7. Stock Options.

(a) **Option Grants.** Options granted under the Plan may be Incentive Stock Options as defined in Section 422 of the IRC, or Non-Statutory Stock Options. A Non-Statutory Stock Option means an option other than an Incentive Stock Option. The Board of Directors has the sole discretion to determine which options shall be Incentive Stock Options and which options shall be Non-Statutory Stock Options, and, at the time of grant, it shall specifically designate each option granted under the Plan as an Incentive Stock Option or a Non-Statutory Stock Option. In the case of Incentive Stock Options, all terms shall be consistent with the requirements of the IRC and applicable regulations. No Incentive Stock Option may be granted under the Plan on or after the tenth anniversary of the last action by the Board of Directors approving an increase in the number of shares available for issuance under the Plan, which action was subsequently approved within 12 months by the shareholders.

(b) **Limitation on Amount of Grants.** No employee may be granted options under the Plan for more than 200,000 shares of Common Stock in any fiscal year.

(c) **Option Price.** The option price per share under each option granted under the Plan shall be determined by the Board of Directors, but the option price for an Incentive Stock Option and a Non-Statutory Stock Option shall be not less than 100 percent of the fair market value of the shares covered by the option on the date the option is granted. Except as otherwise expressly provided, for purposes of the Plan, the fair market value shall be deemed to be the closing sales price for the Common Stock as reported by the New York Stock Exchange and published in the *Wall Street Journal* for the date of grant, or such other fair market value of the Common Stock as determined by the Board of Directors of the Company.

(d) **Duration of Options.** Each option granted under the Plan shall continue in effect for the period fixed by the Board of Directors, except that no Incentive Stock Option shall be exercisable after the expiration of 10 years from the date it is granted and no Non-Statutory Stock Option shall be exercisable after the expiration of 10 years plus seven days from the date it is granted.

(e) **Nonassignability.** Except as otherwise provided by the Board of Directors, each option granted under the Plan by its terms shall be nonassignable and nontransferable by the optionee except by will or by the laws of descent and distribution of the state or country of the optionee's domicile at the time of death, and each option by its terms shall be exercisable during the optionee's lifetime only by the optionee.

(f) **Option Agreements.** The Board of Directors shall determine the employees to whom options shall be granted and the number of shares, option price, the period of each option, the time or times at which options may be exercised, and any other term of the grant, all of which shall be set forth in an option agreement between the Company and the optionee.

(g) **Effect on Shares Available.** Upon the exercise of an option, the number of shares available for issuance under the Plan shall be reduced by the number of shares for which the option was exercised, without any adjustment for shares surrendered in payment of the option price or surrendered or withheld to satisfy tax withholding requirements.

(h) **No Repricing.** Except for actions approved by the shareholders of the Company or adjustments made pursuant to Section 9, the option price for an outstanding option granted under the Plan may not be decreased after the date of grant nor may the Company grant a new option or pay any cash or other consideration (including another award under the Plan) in exchange for any outstanding option granted under the Plan at a time when the option price of the outstanding option exceeds the fair market value of the shares covered by the option.

8. **Performance-based Awards.** The Board of Directors may grant awards intended to qualify as qualified performance-based compensation under Section 162(m) of the IRC and the regulations thereunder ("Performance-based Awards"). Performance-based Awards shall be denominated at the time of grant either in Common Stock ("Stock Performance Awards") or in dollar amounts ("Dollar Performance Awards"). Payment under a Stock Performance Award or a Dollar Performance Award shall be made, at the discretion of the Board of Directors, in Common Stock ("Performance Shares"), or in cash or in any combination thereof. Performance-based Awards shall be subject to the following terms and conditions:

(a) **Award Period.** The Board of Directors shall determine the period of time for which a Performance-based Award is made (the "Award Period").

(b) **Performance Goals and Payment.** The Board of Directors shall establish in writing objectives ("Performance Goals") that must be met by the Company or any subsidiary, division or other unit of the Company ("Business Unit") during the Award Period as a condition to payment being made under the Performance-based Award. The Performance Goals for each award shall be one or more targeted levels of performance with respect to one or more of the following objective measures with respect to the Company or any Business Unit: earnings, earnings per share, stock price increase, total shareholder return (stock price increase plus dividends), return on equity, return on assets, return on capital, economic value added, revenues, operating income, inventories, inventory turns, cash flows or any of the foregoing before the effect of acquisitions, divestitures, accounting changes, and restructuring and special charges (determined according to criteria established by the Board of Directors). The Board of Directors shall also establish the number of Performance Shares or the amount of cash payment to be made under a Performance-based Award if the Performance Goals are met or exceeded, including the fixing of a maximum payment (subject to Section 8(d)). The Board of Directors may establish other restrictions to payment under a Performance-based Award, such as a continued employment requirement, in addition to satisfaction of the Performance Goals. Some or all of the Performance Shares may be delivered to the participant at the time of the award as restricted shares subject to forfeiture in whole or in part if Performance Goals or, if applicable, other restrictions are not satisfied.

(c) **Computation of Payment.** During or after an Award Period, the performance of the Company or Business Unit, as applicable, during the period shall be measured against the Performance Goals. If the Performance Goals are not met, no payment shall be made under a Performance-based Award. If the Performance Goals are met or exceeded, the Board of Directors shall certify that fact in writing and certify the number of Performance Shares earned or the amount of cash payment to be made under the terms of the Performance-based Award.

(d) **Maximum Awards.** No participant may receive in any fiscal year Stock Performance Awards under which the aggregate amount payable under the Awards exceeds the equivalent of 50,000 shares of Common Stock or Dollar Performance Awards under which the aggregate amount payable under the Awards exceeds \$1,000,000.

(e) **Tax Withholding.** Each participant who has received Performance Shares shall, upon notification of the amount due, pay to the Company in cash or by check amounts necessary to satisfy any applicable federal, state and local tax withholding requirements. If the participant fails to pay the amount demanded, the Company or the Employer may withhold that amount from other amounts payable to the participant, including salary, subject to applicable law. With the consent of the Board of Directors, a participant may satisfy this obligation, in whole or in part, by instructing the Company to withhold from any shares to be received or by delivering to the Company other shares of Common Stock; provided, however, that the number of shares so delivered or withheld shall not exceed the minimum amount necessary to satisfy the required tax withholding obligation.

(f) **Effect on Shares Available.** The payment of a Performance-based Award in cash shall not reduce the number of shares of Common Stock reserved for award under the Plan. The number of shares of Common Stock reserved for award under the Plan shall be reduced by the number of shares delivered to the participant upon payment of an award, less the number of shares delivered or withheld to satisfy tax withholding obligations; provided, however, that effective for shares delivered on and after January 1, 2017, the adjustment for shares withheld or delivered to satisfy tax withholding obligations shall no longer apply.

9. **Changes in Capital Structure.** If the outstanding Common Stock of the Company is hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of any stock split, combination of shares or dividend payable in shares, recapitalization or reclassification, appropriate adjustment shall be made by the Board of Directors in the number and kind of shares available for grants under the Plan. In addition, the Board of Directors shall make appropriate adjustment in the number and kind of shares subject to outstanding awards, and in the exercise price of outstanding options, so that the recipient's proportionate interest before and after the occurrence of the event is maintained. Notwithstanding the foregoing, the Board of Directors shall have no obligation to effect any adjustment that would or might result in the award of fractional shares, and any fractional shares resulting from any adjustment may be disregarded or provided for in any manner determined by the Board of Directors. Any such adjustments made by the Board of Directors shall be conclusive.

10. **Change of Employer Within Company Group.** Unless expressly provided to the contrary in any award agreement, a recipient's change of employer from the Company to a direct or indirect subsidiary of the Company, from a direct or indirect subsidiary of the Company to the Company, or from one direct or indirect subsidiary of the Company to another direct or indirect subsidiary of the Company will not be deemed to be a termination of service or employment under the applicable award agreement.

11. **Amendment of Plan.** The Board of Directors may at any time, and from time to time, modify or amend the Plan in such respects as it shall deem advisable because of changes in the law while the Plan is in effect or for any other reason. Except as provided in Section 9, however, no change in an award already granted shall be made without the written consent of the holder of such award.

12. **Approvals.** The obligations of the Company under the Plan are subject to the approval of state and federal authorities or agencies with jurisdiction in the matter. The Company will use its best

efforts to take steps required by state or federal law or applicable regulations, including rules and regulations of the Securities and Exchange Commission and any stock exchange on which the Company's shares may then be listed, in connection with the grants under the Plan. The foregoing notwithstanding, the Company shall not be obligated to issue or deliver Common Stock under the Plan if such issuance or delivery would violate applicable state or federal securities laws.

13. Employment and Service Rights. Nothing in the Plan or any award pursuant to the Plan shall (i) confer upon any employee any right to be continued in the employment of the Company or any subsidiary or interfere in any way with the right of the Company or any subsidiary by whom such employee is employed to terminate such employee's employment at any time, for any reason, with or without cause, or to decrease such employee's compensation or benefits, or (ii) confer upon any person engaged by the Company any right to be retained or employed by the Company or to the continuation, extension, renewal, or modification of any compensation, contract, or arrangement with or by the Company.

14. Rights as a Shareholder. The recipient of any award under the Plan shall have no rights as a shareholder with respect to any Common Stock until the date the recipient becomes the holder of record of those shares. Except as otherwise expressly provided in the Plan, no adjustment shall be made for dividends or other rights for which the record date occurs prior to the date the recipient becomes the holder of record.

PERFORMANCE SHARE LONG TERM INCENTIVE AGREEMENT

This Agreement is entered into as of February __, 2024, between Northwest Natural Holding Company, an Oregon corporation (the "Company"), and _____ ("Recipient").

On February 21, 2024, the Organization and Executive Compensation Committee (the "Committee") of the Company's Board of Directors (the "Board") authorized a performance-based stock award (the "Award") to Recipient pursuant to Section 6 of the Company's Long Term Incentive Plan (the "Plan"). Recipient desires to accept the Award subject to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Award. Subject to the terms and conditions of this Agreement, the Company shall issue or otherwise deliver to the Recipient the number of shares of Common Stock of the Company (the "Performance Shares") determined under this Agreement based on (a) the performance of the Company during the three-year period from January 1, 2024 to December 31, 2026 (the "Award Period") as described in Section 2 and (b) Recipient's continued employment during the Award Period as described in Section 3. If the Company issues or otherwise delivers Performance Shares to Recipient, the Company shall also pay to Recipient the amount of cash determined under Section 4 (the "Dividend Equivalent Cash Award"). Recipient's "Target Share Amount" for purposes of this Agreement is _____ shares.

2. Performance Conditions.

2.1 Payout Factor. Subject to possible reduction under Section 3, the number of Performance Shares to be issued or otherwise delivered to Recipient shall be determined by multiplying the Payout Factor (as defined below) by the Target Share Amount. The "Payout Factor" shall be equal to (a) the TSR Modifier as determined under Section 2.2, multiplied by (b) the EPS Payout Factor as determined under Section 2.3 below; provided, however, that the Payout Factor shall not be greater than 200% and the Payout Factor shall be 0% if the ROIC Performance Threshold (as defined in Section 2.4 below) is not satisfied. Notwithstanding the foregoing, if a Change in Control (as defined in Section 3.7) occurs before the last day of the Award Period, the Payout Factor shall be 100%.

2.2 TSR Modifier.

(a) The "TSR Modifier" shall be determined under the table below based on the TSR Percentile Rank (as defined below) of the Company:

TSR Percentile Rank	TSR Modifier
less than 25%	75%
25% to 75%	100%
more than 75%	125%

(b) To determine the Company's "TSR Percentile Rank," the TSR of the Company and each of the Peer Group Companies (as defined below) shall be calculated, and

the Peer Group Companies shall be ranked based on their respective TSR's from lowest to highest. If the Company's TSR is equal to the TSR of any other Peer Group Company, the Company's TSR Percentile Rank shall be equal to the number of Peer Group Companies with a lower TSR divided by the number that is one less than the total number of Peer Group Companies, with the resulting amount expressed as a percentage and rounded to the nearest tenth of a percentage point. If the Company's TSR is between the TSRs of any two Peer Group Companies, the TSR Percentile Ranks of those two Peer Group Companies shall be determined as set forth in the preceding sentence, and the Company's TSR Percentile Rank shall be interpolated as follows. The excess of the Company's TSR over the TSR of the lower Peer Group Company shall be divided by the excess of the TSR of the higher Peer Group Company over the TSR of the lower Peer Group Company. The resulting fraction shall be multiplied by the difference between the TSR Percentile Ranks of the two Peer Group Companies. The product of that calculation shall be added to the TSR Percentile Rank of the lower Peer Group Company, and the resulting sum (rounded to the nearest tenth of a percentage point) shall be the Company's TSR Percentile Rank. The intent of this definition of TSR Percentile Rank is to produce the same result as calculated using the PERCENTRANK function in Microsoft Excel to determine the rank of the Company's TSR within the array consisting of the TSRs of the Peer Group Companies.

(c) The "Peer Group Companies" consist of those companies set forth on Exhibit A that continue to have publicly-traded common stock through December 31, 2026.

(d) The "TSR" for the Company and each Peer Group Company shall be calculated by (1) assuming that \$100 is invested in the common stock of the company at a price equal to the average of the closing market prices of the stock for the period from October 1, 2023 to December 31, 2023, (2) assuming that for each dividend paid on the stock during the Award Period, the amount equal to the dividend paid on the assumed number of shares held is reinvested in additional shares at a price equal to the closing market price of the stock on the ex-dividend date for the dividend, and (3) determining the final dollar value of the total assumed number of shares based on the average of the closing market prices of the stock for the period from October 1, 2026 to December 31, 2026. The "TSR" shall then equal the amount determined by subtracting \$100 from the foregoing final dollar value, dividing the result by 100 and expressing the resulting fraction as a percentage.

(e) If during the Award Period any Peer Group Company enters into an agreement pursuant to which all or substantially all of the stock or assets of the Peer Group Company will be acquired by a third party (a "Signed Acquisition"), and if the Signed Acquisition is not completed by the end of the Award Period, then that company shall not be a Peer Group Company. If a Signed Acquisition of a Peer Group Company is terminated (other than in connection with the execution of another Signed Acquisition) before the end of the Award Period, then that company shall remain a Peer Group Company, and the TSR for that Peer Group Company shall be calculated as provided in Section 2.2(d), except that if the announcement of the termination of the Signed Acquisition occurs during the last three months of the Award Period, for purposes of determining the final dollar value under clause (3) of Section 2.2(d), the three-month period for which closing market prices are averaged shall be

shortened to exclude any trading days preceding the announcement of the termination of the Signed Acquisition.

2.3 EPS Payout Factor.

(a) The "EPS Payout Factor" shall be determined under the table below based on the Cumulative EPS Achievement Percentage (as defined below) achieved by the Company for the Award Period:

Cumulative EPS Achievement Percentage	EPS Payout Factor
less than 93%	0%
93%	40%
100%	100%
105% or more	185%

If the Company's Cumulative EPS Achievement Percentage is between any two data points set forth in the first column of the above table, the EPS Payout Factor shall be interpolated as follows. The excess of the Company's Cumulative EPS Achievement Percentage over the Cumulative EPS Achievement Percentage of the lower data point shall be divided by the excess of the Cumulative EPS Achievement Percentage of the higher data point over the Cumulative EPS Achievement Percentage of the lower data point. The resulting fraction shall be multiplied by the difference between the EPS Payout Factors in the above table corresponding to the two data points. The product of that calculation shall be rounded to the nearest hundredth of a percentage point and then added to the EPS Payout Factor in the above table corresponding to the lower data point, and the resulting sum shall be the EPS Payout Factor.

(b) The Company's "Cumulative EPS Achievement Percentage" for the Award Period shall equal the Cumulative EPS (as defined below) divided by the Cumulative EPS Target (as defined below), expressed as a percentage and rounded to the nearest tenth of a percentage point.

(c) The Company's "Cumulative EPS" for the Award Period shall equal the sum of the Company's diluted earnings per share of common stock ("EPS") for each of the three years in the Award Period. Subject to adjustment in accordance with Section 2.5 below, the Company's diluted earnings per share of common stock for any year shall be as set forth in the audited consolidated financial statements of the Company and its subsidiaries for that year. After giving effect to any adjustments required by Section 2.5, the EPS for each year shall be rounded to the nearest penny.

(d) The Company's "Cumulative EPS Target" for the Award Period shall equal the sum of the EPS targets approved by the Committee for each of the three years in the Award Period. The EPS target for the first year of the Award Period as approved by the Committee is \$_____. Within the first 90 days of the second year of the Award Period, the

Committee shall approve the EPS target for that year. Within the first 90 days of the third year of the Award Period, the Committee shall approve the EPS target for that year.

2.4 ROIC Performance Threshold.

(a) For purposes of this Agreement, the "ROIC Performance Threshold" shall be satisfied if the Company's Average ROIC (as defined below) for the Award Period is greater than or equal to ____%.

(b) The Company's "Average ROIC" for the Award Period shall equal the simple average of the Company's ROIC (as defined below) for each of the three years in the Award Period, rounded to the nearest hundredth of a percentage point. The Company's "ROIC" for any year shall be calculated by dividing the Company's Adjusted Net Income (as defined below) for the year by the Company's Average Long Term Capital (as defined below) for the year, and rounding the result to the nearest hundredth of a percentage point. Subject to adjustment in accordance with Section 2.5 below, the Company's "Adjusted Net Income" for any year shall be equal to the Company's net income for the year, increased by the Company's interest expense, net for the year and reduced by the Company's interest income (including net interest on deferred regulatory accounts) for the year, in each case as set forth in the Company's Annual Report on Form 10-K for that year. "Average Long Term Capital" for any year shall mean the average of the Company's Long Term Capital (as defined below) as of the last day of the year and the Company's Long Term Capital as of the last day of the prior year. Subject to adjustment in accordance with Section 2.5 below, "Long Term Capital" as of any date shall equal the sum of the Company's total shareholders' equity as of that date and the Company's long-term debt (including current maturities) as of that date, in each case as set forth on the audited consolidated balance sheet of the Company as of that date.

2.5 EPS and ROIC Adjustments. The Committee may, at any time, approve adjustments to the calculation of Cumulative EPS and/or Average ROIC to take into account such unanticipated circumstances or significant, non-recurring or unplanned events as the Committee may determine in its sole discretion, and such adjustments may increase or decrease Cumulative EPS and/or Average ROIC. Possible circumstances that may be the basis for adjustments shall include, but not be limited to, any change in applicable accounting rules or principles; any gain or loss on the disposition of a business; impairment of assets; dilution caused by Board approved business acquisition; tax changes and tax impacts of other changes; changes in applicable laws and regulations; changes in rate case timing; changes in the Company's structure; and any other circumstances outside of management's control.

3. Employment Condition.

3.1 Except as provided in Sections 3.2, 3.3 or 7.2, in order to receive a payout of Performance Shares, Recipient must be employed by the Company or any parent or subsidiary of the Company (the "Employer") on the last day of the Award Period.

3.2 If Recipient's employment (i) by the Employer is terminated at any time prior to the end of the Award Period because of death, physical disability (within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986, as amended, and the regulations and

guidance promulgated thereunder (the "Code")), or Retirement (unless such Retirement results from a termination of Recipient's employment by the Employer for Cause) or (ii) by the Employer employing Recipient on the date of this Agreement (the "Current Employer") is terminated at any time prior to the end of the Award Period in order to move Recipient's employment from the Current Employer to the Company or any parent or subsidiary of the Company other than the Current Employer (an "Employer Change") and subject to Section 4(d) of the Plan, Recipient shall be entitled to receive a pro-rated award. The number of Performance Shares to be issued or otherwise delivered as a pro-rated award under this Section 3.2 shall be determined by multiplying the number of Performance Shares determined under Section 2 by a fraction, the numerator of which is the number of days Recipient was employed by Employer or Current Employer, as applicable, during the Award Period and the denominator of which is the number of days in the Award Period. If Recipient's employment by the Employer or Current Employer, as applicable, terminates because of Employer Change, Retirement, death or physical disability and a Change in Control subsequently occurs before the end of the Award Period, the number of Performance Shares determined under Section 3.3 shall immediately be paid to Recipient. If a Change in Control occurs and Recipient's employment by the Employer subsequently terminates before the end of the Award Period because of Employer Change, Retirement, death or physical disability, the number of Performance Shares determined under Section 3.3 shall immediately be paid to Recipient.

3.3 CIC Acceleration.

(a) If Recipient is a party to a Change in Control Severance Agreement with the Company or a parent or subsidiary of the Company, Recipient shall immediately be paid the Target Share Amount if Recipient becomes entitled to a Change in Control Severance Benefit (as defined below). A "Change in Control Severance Benefit" means the severance benefit provided for in Recipient's Change in Control Severance Agreement with the Company or a parent or subsidiary of the Company; provided, however, that such severance benefit is a "Change in Control Severance Benefit" for purposes of this Agreement only if, under the terms of Recipient's Change in Control Severance Agreement, Recipient becomes entitled to the severance benefit (i) after a Change in Control of the Company has occurred, (ii) because Recipient's employment with the Employer has been terminated by Recipient for good reason in accordance with the terms and conditions of the Change in Control Severance Agreement or by the Employer other than for cause, and (iii) because Recipient has satisfied any other conditions or requirements specified in the Change in Control Severance Agreement and necessary for Recipient to become entitled to receive the severance benefit. For purposes of this Section 3.3(a), the terms "change in control," "good reason," "cause" and "disability" shall have the meanings set forth in Recipient's Change in Control Severance Agreement.

(b) If Recipient is not a party to a Change in Control Severance Agreement with the Company or a parent or subsidiary of the Company, Recipient shall immediately be paid the Target Share Amount if a Change in Control (as defined in Section 3.7 below) occurs and at any time after the earlier of Shareholder Approval (as defined in Section 3.8 below), if any, or the Change in Control and on or before the second anniversary of the Change in Control, (i) Recipient's employment is terminated by the Employer (or its successor) without

Cause (as defined in Section 3.6 below), or (b) Recipient's employment is terminated by Recipient for Good Reason (as defined in Section 3.9 below).

3.4 If Recipient's employment by the Employer is terminated at any time prior to the end of the Award Period and Section 3.2, 3.3 or 7.2 does not apply to such termination, Recipient shall not be entitled to receive any Performance Shares.

3.5 "Retirement" shall mean termination of employment (a) on or after the first anniversary of the date of this Agreement, and (b) after Recipient is age 55 with age plus years of service (including fractions) as an employee of the Company or a parent or subsidiary of the Company totaling at least 70.

3.6 "Cause" shall mean (a) the willful and continued failure by Recipient to perform substantially Recipient's assigned duties with the Employer (other than any such failure resulting from incapacity due to physical or mental illness) after a demand for substantial performance is delivered to Recipient by the Employer which specifically identifies the manner in which Recipient has not substantially performed such duties, (b) willful commission by Recipient of an act of fraud or dishonesty resulting in economic or financial injury to the Company or Employer, (c) willful misconduct by Recipient that substantially impairs the business or reputation of the Company or Employer, or (d) willful gross negligence by Recipient in the performance of his or her duties.

3.7 For purposes of this Agreement, a "Change in Control" of the Company shall mean the occurrence of any of the following events:

(a) The consummation of:

(1) any consolidation, merger or plan of share exchange involving the Company (a "Merger") as a result of which the holders of outstanding securities of the Company ordinarily having the right to vote for the election of directors ("Voting Securities") immediately prior to the Merger do not continue to hold at least 50% of the combined voting power of the outstanding Voting Securities of the surviving corporation or a parent corporation of the surviving corporation immediately after the Merger, disregarding any Voting Securities issued to or retained by such holders in respect of securities of any other party to the Merger; or

(2) any consolidation, merger, plan of share exchange or other transaction involving Northwest Natural Gas Company ("NW Natural") as a result of which the Company does not continue to hold, directly or indirectly, at least 50% of the outstanding securities of NW Natural ordinarily having the right to vote for the election of directors; or

(3) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company or NW Natural;

(b) At any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board ("Incumbent Directors") shall cease

for any reason to constitute at least a majority thereof; provided, however, that the term "Incumbent Director" shall also include each new director elected during such two-year period whose nomination or election was approved by two-thirds of the Incumbent Directors then in office; or

(c) Any person (as such term is used in Section 14(d) of the Securities Exchange Act of 1934, other than the Company or any employee benefit plan sponsored by the Company or NW Natural) shall, as a result of a tender or exchange offer, open market purchases or privately negotiated purchases from anyone other than the Company, have become the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of Voting Securities representing twenty percent (20%) or more of the combined voting power of the then outstanding Voting Securities, but disregarding any Voting Securities with respect to which that acquirer has filed SEC Schedule 13G indicating that the Voting Securities were not acquired and are not held for the purpose of or with the effect of changing or influencing, directly or indirectly, the Company's management or policies, unless and until that entity or person files SEC Schedule 13D, at which point this exception will not apply to such Voting Securities, including those previously subject to a SEC Schedule 13G filing.

3.8 For purposes of this Agreement, "Shareholder Approval" shall be deemed to have occurred if the shareholders of the Company approve an agreement entered into by the Company, the consummation of which would result in the occurrence of a Change in Control.

3.9 For purposes of this Agreement, "Good Reason" shall mean the occurrence after Shareholder Approval, if applicable, or the Change in Control, of any of the following circumstances, but only if (x) Recipient gives notice to Employer of Recipient's intent to terminate employment for Good Reason within 30 days after the later of (1) notice to Recipient of such circumstances, or (2) the Change in Control, and (y) such circumstances are not fully corrected by the Employer within 90 days after Recipient's notice:

(a) the assignment to Recipient of a different title, job or responsibilities that results in a decrease in the level of Recipient's responsibility; provided that Good Reason shall not exist if Recipient continues to have the same or a greater general level of responsibility for the former Employer operations after the Change in Control as Recipient had prior to the Change in Control even though such responsibilities have necessarily changed due to the former Employer operations becoming a subsidiary or division of the surviving company;

(b) a reduction by the Employer in Recipient's base salary as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control;

(c) the failure by Employer to continue in effect any employee benefit or incentive plan in which Recipient is participating immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control (or plans providing Recipient with at least substantially similar benefits) other than as a result of the normal expiration of any such plan in accordance with its terms as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control, or the taking of any action, or the failure to act, by Employer which would adversely affect Recipient's continued participation in any of

such plans on at least as favorable a basis to Recipient as is the case immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control or which would materially reduce Recipient's benefits in the future under any of such plans or deprive Recipient of any material benefit enjoyed by Recipient immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control;

(d) the failure by the Employer to provide and credit Recipient with the number of paid vacation days to which Recipient is then entitled in accordance with the Employer's normal vacation policy as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control; or

(e) the Employer's requiring Recipient to be based more than 25 miles from where Recipient's office is located immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control except for required travel on the Employer's business to an extent substantially consistent with the business travel obligations which Recipient undertook on behalf of the Employer prior to the earlier of Shareholder Approval, if applicable, or the Change in Control.

4. Dividend Equivalent Cash Award The amount of the Dividend Equivalent Cash Award shall be determined by multiplying the number of Performance Shares deliverable to Recipient as determined under Sections 2 and 3 by the total amount of dividends paid per share of the Company's Common Stock for which the dividend record date occurred after the beginning of the Award Period and before the date of delivery of the Performance Shares.

5. Certification and Payment At the regularly scheduled meeting of the Committee held in February of the year immediately following the final year of the Award Period (the "Certification Meeting"), the Committee shall review the Company's results for the Award Period. Prior to the Certification Meeting, the Company shall calculate the number of Performance Shares deliverable and the amount of the Dividend Equivalent Cash Award payable to Recipient, and shall submit these calculations to the Committee. At or prior to the Certification Meeting, the Committee shall certify in writing (which may consist of approved minutes of the Certification Meeting) the number of Performance Shares deliverable to Recipient and the amount of the Dividend Equivalent Cash Award payable to Recipient. Subject to applicable tax withholding, the amounts so certified shall be delivered or paid (as applicable) on a date (the "Payment Date") that is the later of March 1, 2026 or five business days following the Certification Meeting, and no amounts shall be delivered or paid prior to certification. No fractional shares shall be delivered and the number of Performance Shares deliverable shall be rounded to the nearest whole share. Notwithstanding the foregoing, if Recipient shall have made a valid election to defer receipt of Performance Shares or the Dividend Equivalent Cash Award pursuant to the terms of Northwest Natural's Deferred Compensation Plan for Directors and Executives (the "DCP"), payment of the award shall be made in accordance with that election.

6. Tax Withholding Recipient acknowledges that, on the Payment Date when the Performance Shares are issued or otherwise delivered to Recipient, the Value (as defined below) on that date of the Performance Shares (as well as the amount of the Dividend Equivalent Cash Award) will be treated as ordinary compensation income for federal and state income and FICA tax purposes, and that the Employer will be required to withhold taxes on these income amounts.

To satisfy the required withholding amount, the Employer shall first withhold all or part of the Dividend Equivalent Cash Award, and if that is insufficient, the Employer shall withhold the number of Performance Shares having a Value equal to the remaining withholding amount. For purposes of this Section 6, the "Value" of a Performance Share shall be equal to the closing market price for Company Common Stock on the last trading day preceding the date on which the Share is treated for federal income tax purposes as transferred to Recipient. Notwithstanding the foregoing, Recipient may elect not to have Performance Shares withheld to cover taxes by giving notice to the Company in writing prior to the Payment Date, in which case the Performance Shares shall be issued or acquired in the Recipient's name on the Payment Date thereby triggering the tax consequences, but the Company shall retain the certificate for the Performance Shares as security until Recipient shall have paid to the Company in cash any required tax withholding not covered by withholding of the Dividend Equivalent Cash Award. If the Employer is required to withhold FICA taxes with respect to the Performance Shares prior to the time the shares underlying the Performance Shares otherwise become payable, Recipient shall, immediately upon notification of the amount due, pay to the Company in cash or by check amounts necessary to satisfy applicable FICA withholding requirements. If Recipient fails to pay the amount demanded, the Company may withhold that amount from other amounts payable to Recipient, including salary, subject to applicable law. Alternatively, the Employer may, in its sole discretion, choose to treat the FICA withholding as a loan to Recipient on terms determined by the Employer and communicated to Recipient.

7. Sale of the Company. If there shall occur before the Payment Date a merger, consolidation or plan of exchange involving the Company pursuant to which the outstanding shares of Common Stock of the Company are converted into cash or other stock, securities or property, or a sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company (either, a "Company Sale"), then either:

7.1 the unvested Performance Shares shall be converted into restricted stock units for stock of the surviving or acquiring corporation in the applicable transaction using the exchange rate, if any, used in determining shares of the surviving corporation to be held by the former holders of the Company's Common Stock following the applicable transaction, or, if there was no exchange rate, taking into account the relative values of the companies involved in the applicable transaction, and disregarding fractional shares with the amount and type of shares subject thereto to be conclusively determined by the Committee; or

7.2 a pro rata number of Performance Shares and the related dividend equivalent cash payment shall be delivered simultaneously with the closing of the applicable transaction such that Recipient will participate as a shareholder in receiving proceeds from such transaction with respect to those shares. The number of Performance Shares to be delivered as a pro-rated award under this Section 7.2 shall be determined by multiplying the Target Share Amount by a fraction, the numerator of which is the number of days of the Award Period elapsed prior to the closing of the transaction and the denominator of which is the number of days in the Award Period.

8. **Changes in Capital Structure.** If the outstanding Common Stock of the Company is hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of any stock split, combination of shares or dividend payable in shares, recapitalization or reclassification, appropriate adjustment shall be made by the Committee in the number and kind of shares subject to this Agreement so that the Recipient's proportionate interest before and after the occurrence of the event is maintained.

9. **Recoupment.** This award shall be subject to recoupment as provided in the Company's Code of Conduct and in the Company's Compensation Recovery Policy as in effect on the date hereof, as each may be amended, restated or modified from time to time.

10. **Approvals.** The obligations of the Company under this Agreement are subject to the approval of state and federal authorities or agencies with jurisdiction in the matter. The Company will use its best efforts to take steps required by state or federal law or applicable regulations, including rules and regulations of the Securities and Exchange Commission and any stock exchange on which the Company's shares may then be listed, in connection with the award under this Agreement. The foregoing notwithstanding, the Company shall not be obligated to issue or deliver Common Stock under this Agreement if such issuance or delivery would violate applicable state or federal law.

11. **No Right to Employment** Nothing contained in this Agreement shall confer upon Recipient any right to be employed by the Employer or to continue to provide services to the Employer or to interfere in any way with the right of the Employer to terminate Recipient's services at any time for any reason, with or without cause.

12. **Miscellaneous.**

12.1 **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement of the parties with regard to the subjects hereof and may be amended only by written agreement between the Company and Recipient.

12.2 **Notices.** Any notice required or permitted under this Agreement shall be in writing and shall be deemed sufficient when delivered personally to the party to whom it is addressed or when deposited into the United States Mail as registered or certified mail, return receipt requested, postage prepaid, addressed to the Company, Attention: Corporate Secretary, at 250 SW Taylor Street, Portland, Oregon 97204 or to Employer, Attention: Corporate Secretary, at its principal executive offices, or to Recipient at the address of Recipient in the Company's records, or at such other address as such party may designate by ten (10) days' advance written notice to the other party.

12.3 **Assignment; Rights and Benefits.** Recipient shall not assign this Agreement or any rights hereunder to any other party or parties without the prior written consent of the Company. The rights and benefits of this Agreement shall inure to the benefit of and be enforceable by the Company's successors and assigns and, subject to the foregoing restriction on assignment, be binding upon Recipient's heirs, executors, administrators, successors and assigns.

12.4 **Further Action.** The parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

12.5 **Applicable Law; Attorneys' Fees.** The terms and conditions of this Agreement shall be governed by the laws of the State of Oregon. In the event either party institutes litigation hereunder, the prevailing party shall be entitled to reasonable attorneys' fees to be set by the trial court and, upon any appeal, the appellate court.

12.6 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

13. **Section 409A.**

13.1 The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Code ("Section 409A"), to the extent subject thereto, or otherwise be exempt from Section 409A, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be exempt from or in compliance therewith. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate and distinct payment for purposes of Section 409A. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A:

(a) Recipient shall not be considered to have terminated employment with the Company for purposes of any payments under this Agreement which are subject to Section 409A until Recipient would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A;

(b) Amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement or any other arrangement between Recipient and the Company during the six (6) month period immediately following Recipient's separation from service shall instead be paid on the first business day after the date that is six (6) months following Recipient's separation from service (or, if earlier, Recipient's date of death);

(c) Any payment that will be in compliance with Section 409A only if payable under designations permitted by Treas. Reg. Section 1.409A-3(c), or only if payable upon termination of a deferred compensation plan pursuant to Treas. Reg. Section 1.409A-3(j)(iv), shall be made only in compliance with such regulations;

(d) Any payment that will be in compliance with Section 409A only if payable upon a change in control event within the meaning Treas. Reg. Section 1.409A-3(i)(5) shall be made only in compliance with such regulation; and

(e) If any severance amount payable under any other agreement that Recipient may have a right or entitlement to as of the date of this Agreement constitutes deferred compensation under Section 409A, then the portion of the benefits payable hereunder equal to such other amount shall instead be provided in the form set forth in such other agreement.

13.2 The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to any such payment. Recipient understands and agrees that Recipient shall be solely responsible for the payment of any taxes, penalties, interest or other expenses incurred by Recipient on account of non-compliance with Section 409A.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

NORTHWEST NATURAL HOLDING COMPANY

By _____
Title _____

RECIPIENT

EXHIBIT A
Peer Group Companies

Atmos Energy Corporation
ONE Gas, Inc.
Spire Inc.
Southwest Gas Holdings, Inc.
NiSource Inc.
New Jersey Resources Corporation
Avista Corporation
Black Hills Corporation
MGE Energy, Inc.
NorthWestern Corporation
Utilil Corporation

SUBSIDIARIES OF NORTHWEST NATURAL HOLDING COMPANY
an Oregon Corporation

Name of Subsidiary	Jurisdiction Organized
Northwest Natural Gas Company (dba NW Natural)	Oregon
Northwest Energy Corporation ⁽¹⁾	Oregon
NWN Gas Reserves LLC ⁽¹⁾	Oregon
NW Natural RNG Holding Company, LLC ⁽¹⁾	Oregon
Lexington Renewable Energy LLC ⁽¹⁾	Delaware
Dakota City Renewable Energy LLC ⁽¹⁾	Delaware
NW Natural Energy, LLC	Oregon
NW Natural Gas Storage, LLC	Oregon
NNG Financial Corporation	Oregon
KB Pipeline Company	Oregon
NW Natural Water Company, LLC	Oregon
Salmon Valley Water Company	Oregon
NW Natural Water of Oregon, LLC	Oregon
Sunstone Water, LLC	Oregon
Sunstone Infrastructure, LLC	Oregon
Sunriver Water LLC (dba Sunriver Utilities Company)	Oregon
Sunriver Environmental LLC	Oregon
Avion Water Company, Inc.	Oregon
NW Natural Renewables Holdings, LLC	Oregon
NW Natural Ohio Renewable Energy, LLC	Oregon
NW Natural Water of Washington, LLC	Washington
Cascadia Water, LLC	Washington

Cascadia Infrastructure, LLC	Washington
Suncadia Water Company, LLC	Washington
Suncadia Environmental Company, LLC	Washington
NW Natural Water of Idaho, LLC	Idaho
Falls Water Co., Inc.	Idaho
Gem State Water Company, LLC	Idaho
Gem State Infrastructure, LLC	Idaho
NW Natural Water of Texas, LLC	Texas
Blue Topaz Water, LLC	Texas
Blue Topaz Infrastructure, LLC	Texas
T & W Water Service Company (dba Blue Topaz Utilities)	Texas
NW Natural Water of Arizona, LLC	Oregon
Foothills Water & Sewer, LLC (dba Foothills Utilities)	Arizona
Turquoise Infrastructure, LLC	Oregon
Rose Valley Water Company, Inc.	Arizona
NW Natural Water of California, LLC	Oregon
Blue Diamond Infrastructure, LLC	Oregon
NW Natural Water Services, LLC (dba King Water Company)	Oregon

(1) Subsidiary of Northwest Natural Gas Company

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-187005-01, 333-180350-01, 333-134973-01, 333-139819-01, 333-221347-01, 333-227687, 333-234539, 333-266517, 333-275346 and 333-275341) and Form S-3 (No. 333-258792) of Northwest Natural Holding Company of our report dated February 23, 2024 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Portland, Oregon
February 23, 2024

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-214425 and 333-275344) and Form S-3 (No. 333-258792-01) of Northwest Natural Gas Company of our report dated February 23, 2024 relating to the financial statements and financial statement schedule which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Portland, Oregon
February 23, 2024

CERTIFICATION

I, David H. Anderson, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023 of Northwest Natural Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2024

/s/ David H. Anderson
David H. Anderson
Chief Executive Officer

CERTIFICATION

I, Brody J. Wilson, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023 of Northwest Natural Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2024

/s/ Brody J. Wilson

Brody J. Wilson

Chief Financial Officer, Vice President, Treasurer, and Chief Accounting Officer

CERTIFICATION

I, David H. Anderson, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023 of Northwest Natural Holding Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2024

/s/ David H. Anderson
David H. Anderson
Chief Executive Officer

CERTIFICATION

I, Brody J. Wilson, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023 of Northwest Natural Holding Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2024

/s/ Brody J. Wilson
Brody J. Wilson
Chief Financial Officer, Vice President, Treasurer, and Chief Accounting Officer

NORTHWEST NATURAL GAS COMPANY

Certificate Pursuant to Section 906
of Sarbanes – Oxley Act of 2002

Each of the undersigned, DAVID H. ANDERSON, Chief Executive Officer, and BRODY J. WILSON, the Chief Financial Officer, of NORTHWEST NATURAL GAS COMPANY (the Company), DOES HEREBY CERTIFY that:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the Report) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, each of the undersigned has caused this instrument to be executed this twenty-third day of February 2024.

/s/ David H. Anderson

David H. Anderson
Chief Executive Officer

/s/ Brody J. Wilson

Brody J. Wilson
Chief Financial Officer, Vice
President, Treasurer, and Chief Accounting Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Northwest Natural Gas Company and will be retained by Northwest Natural Gas Company and furnished to the Securities and Exchange Commission or its staff upon request.

NORTHWEST NATURAL HOLDING COMPANY

**Certificate Pursuant to Section 906
of Sarbanes – Oxley Act of 2002**

Each of the undersigned, DAVID H. ANDERSON, Chief Executive Officer, and BRODY J. WILSON, the Chief Financial Officer, of NORTHWEST NATURAL HOLDING COMPANY (the Company), DOES HEREBY CERTIFY that:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the Report) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, each of the undersigned has caused this instrument to be executed this twenty-third day of February 2024.

/s/ David H. Anderson

David H. Anderson
Chief Executive Officer

/s/ Brody J. Wilson

Brody J. Wilson
Chief Financial Officer, Vice
President, Treasurer, and Chief Accounting Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Northwest Natural Holding Company and will be retained by Northwest Natural Holding Company and furnished to the Securities and Exchange Commission or its staff upon request.

NORTHWEST NATURAL HOLDING COMPANY**COMPENSATION RECOVERY POLICY****Adopted as of December 1, 2023**

Northwest Natural Holding Company, an Oregon corporation, and each of its subsidiaries listed on Exhibit A, collectively (the "Company"), has adopted a Compensation Recovery Policy (this "Policy") as described below.

1. Overview

The Policy sets forth the circumstances and procedures under which the Company shall recover Erroneously Awarded Compensation from current and former Executive Officers and other employees of the Company identified on Exhibit B in accordance with rules issued by the United States Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act") and the New York Stock Exchange. Please refer to Section 3 below for definitions of capitalized terms used and not otherwise defined herein.

2. Compensation Recovery Requirement

In the event the Company is required to prepare a Material Financial Restatement, the Company shall reasonably promptly recover all Erroneously Awarded Compensation with respect to such Material Financial Restatement, and each Covered Person shall be required to take all actions necessary to enable such recovery.

3. Definitions

- a. "Applicable Recovery Period" means with respect to a Material Financial Restatement, the three completed fiscal years immediately preceding the Restatement Date for such Material Financial Restatement. In addition, in the event the Company has changed its fiscal year: (i) any transition period of less than nine months occurring within or immediately following such three completed fiscal years shall also be part of such Applicable Recovery Period and (ii) any transition period of nine to 12 months will be deemed to be a completed fiscal year.
- b. "Applicable Rules" means any rules or regulations adopted by the Exchange pursuant to Rule 10D-1 under the Exchange Act and any applicable rules or regulations adopted by the SEC pursuant to Section 10D of the Exchange Act.
- c. "Board" means the Board of Directors of the Company.
- d. "Committee" means the Organization and Compensation Committee of the Board or, in the absence of such committee, a majority of independent directors serving on the Board.

- e. A “Covered Person” means any Executive Officer and any other person designated by the Board or the Committee as being subject to this Policy and identified on Exhibit B. A person’s status as a Covered Person with respect to Erroneously Awarded Compensation shall be determined as of the time of receipt of such Erroneously Awarded Compensation regardless of their current role or status with the Company (e.g., if a person began service as an Executive Officer after the beginning of an Applicable Recovery Period, that person would not be considered a Covered Person with respect to Erroneously Awarded Compensation received before the person began service as an Executive Officer, but would be considered a Covered Person with respect to Erroneously Awarded Compensation received after the person began service as an Executive Officer where such person served as an Executive Officer at any time during the performance period for such Erroneously Awarded Compensation).
- f. “Effective Date” means October 2, 2023.
- g. “Erroneously Awarded Compensation” means, with respect to a Material Financial Restatement, the amount of any Incentive-Based Compensation received by a Covered Person on or after the Effective Date during the Applicable Recovery Period that exceeds the amount that otherwise would have been received by the Covered Person had such compensation been determined based on the restated amounts in the Material Financial Restatement, computed without regard to any taxes paid. Calculation of Erroneously Awarded Compensation with respect to Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Material Financial Restatement, shall be based on a reasonable estimate of the effect of the Material Financial Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received, and the Company shall maintain documentation of the determination of such reasonable estimate and provide such documentation to the Exchange in accordance with the Applicable Rules.
- h. “Exchange” means the New York Stock Exchange.
- i. An “Executive Officer” means any person who served the Company in any of the following roles, received Incentive-Based Compensation after beginning service in any such role (regardless of whether such Incentive-Based Compensation was received during or after such person’s service in such role) and served in such role at any time during the performance period for such Incentive-Based Compensation: the president, the principal financial officer, the principal accounting officer (or if there is no such accounting officer the controller), any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy making function, or any other person who performs similar policy making functions for the issuer. Executive officers of parents or

subsidiaries of the Company may be deemed executive officers of the Company if they perform such policy making functions for the Company. For the avoidance of doubt, officers who have been designated as Section 16 officers by the Northwest Natural Holding Company's Board of Directors, are Executive Officers.

- j. "Financial Reporting Measures" mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, any measures that are derived wholly or in part from such measures (including, for example, a non-GAAP financial measure), and stock price and total shareholder return.
- k. "Incentive-Based Compensation" means any compensation provided, directly or indirectly, by the Company or any of its subsidiaries that is granted, earned, or vested based, in whole or in part, upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is deemed received, earned or vested when the Financial Reporting Measure is attained, not when the actual payment, grant or vesting occurs.
- l. A "Material Financial Restatement" means an accounting restatement of previously issued financial statements of the Company due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously-issued financial statements that is material to the previously-issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
- m. "Restatement Date" means, with respect to a Material Financial Restatement, the earlier to occur of: (i) the date the Board or the Audit Committee of the Board concludes, or reasonably should have concluded, that the Company is required to prepare the Material Financial Restatement or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare the Material Financial Restatement.

4. Exception to Compensation Recovery Requirement

The Company may elect not to recover Erroneously Awarded Compensation pursuant to this Policy if the Committee determines that recovery would be impracticable, and one or more of the following conditions, together with any further requirements set forth in the Applicable Rules, are met: (i) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered, and the Company has made a reasonable attempt to recover such Erroneously Awarded Compensation; (ii) recovery would likely cause an otherwise tax-qualified retirement plan to fail to be so qualified under applicable regulations.

6. Tax Considerations

To the extent that, pursuant to this Policy, the Company is entitled to recover any Erroneously Awarded Compensation that is received by a Covered Person, the gross amount received (i.e., the amount the Covered Person received, or was entitled to receive, before any deductions for tax withholding or other payments) shall be returned by the Covered Person.

7. Method of Compensation Recovery

The Committee shall determine, in its sole discretion, the method for recovering Erroneously Awarded Compensation hereunder, which may include, without limitation, any one or more of the following:

- a. requiring reimbursement of cash Incentive-Based Compensation previously paid;
- b. seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards;
- c. cancelling or rescinding some or all outstanding vested or unvested equity-based awards;
- d. adjusting or withholding from unpaid compensation or other set-off;
- e. cancelling or setting-off against planned future grants of equity-based awards; and/or
- f. any other method permitted by applicable law or contract.

Notwithstanding the foregoing, a Covered Person will be deemed to have satisfied such person's obligation to return Erroneously Awarded Compensation to the Company if such Erroneously Awarded Compensation is returned in the exact same form in which it was received; provided that equity withheld to satisfy tax obligations will be deemed to have been received in cash in an amount equal to the tax withholding payment made.

8. Policy Interpretation

This Policy shall be interpreted in a manner that is consistent with the Applicable Rules and any other applicable law and shall otherwise be interpreted (including in the determination of amounts recoverable) in the business judgment of the Committee. The Committee shall take into consideration any applicable interpretations and guidance of the SEC in interpreting this Policy, including, for example, in determining whether a financial restatement qualifies as a Material Financial Restatement hereunder. To the extent the Applicable Rules require recovery of Incentive-Based Compensation in additional circumstances besides those specified above, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Incentive-Based Compensation to the fullest extent required by the Applicable Rules. This Policy shall be deemed to be automatically amended, as of the date the Applicable Rules

become effective with respect to the Company, to the extent required for this Policy to comply with the Applicable Rules.

9. Policy Administration

This Policy shall be administered by the Committee. The Committee shall have such powers and authorities related to the administration of this Policy as are consistent with the governing documents of the Company and applicable law. The Committee shall have full power and authority to take, or direct the taking of, all actions and to make all determinations required or provided for under this Policy and shall have full power and authority to take, or direct the taking of, all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of this Policy that the Committee deems to be necessary or appropriate to the administration of this Policy. The interpretation and construction by the Committee of any provision of this Policy and all determinations made by the Committee under this policy shall be final, binding and conclusive.

10. Compensation Recovery Repayments not Subject to Indemnification

Notwithstanding anything to the contrary set forth in any agreement with, or the organizational documents of, the Company or any of its subsidiaries, Covered Persons are not entitled to indemnification for Erroneously Awarded Compensation recovered under this Policy and, to the extent any such agreement or organizational document purports to provide otherwise, Covered Persons hereby irrevocably agree to forego such indemnification.

Exhibit A

Northwest Natural Holding Company
Northwest Natural Gas Company
NW Natural Water Company, LLC
NW Natural Renewables Holdings, LLC

Exhibit B

Northwest Natural Holding Company

Chief Executive Officer

President

Chief Financial Officer

Chief Accounting Officer

All other officers designated as NW Holdings' Section 16 Officers by the Board of Directors

Northwest Natural Gas Company

Chief Executive Officer

President

Chief Financial Officer

Chief Accounting Officer

All other officers designated as NW Holdings' Section 16 Officers by the Board of Directors

NW Natural Water Company, LLC

President

NW Natural Renewables Holdings, LLC

President