NORTHWEST PIPE CO
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

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NORTHWEST PIPE COMPANY

(Name of Registrant as Specified In Its Charter)

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NORTHWEST PIPE COMPANY

200 SW Market Street, Suite 1800
Portland, Oregon 97201-5730

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders of Northwest Pipe Company:

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders (the Annual Meeting) of Northwest Pipe Company (the Company) will be held on Tuesday, May 9, 2006 at the Heathman Hotel, 1001 SW Broadway, Portland, OR 97205, at 9:00 a.m., local time. The purposes of the

Annual Meeting will be:

1. **Election of Directors.** To elect three directors, one for a one-year term expiring in 2007 and two for three-year terms expiring in 2009, or until their respective successors are elected and qualified; and

2. **Other Business.** To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on March 15, 2006 as the record date for determining shareholders entitled to notice of and to vote at the meeting or any adjournments thereof. Only shareholders of record at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting or any adjournments or postponements thereof.

By Order of the Board of Directors,

Brian W. Dunham
President and Chief Executive Officer

Portland, Oregon
March 31, 2006

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. THEREFORE, WHETHER OR NOT YOU PLAN TO BE PRESENT IN PERSON AT THE ANNUAL MEETING, PLEASE DATE, SIGN AND COMPLETE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

NORTHWEST PIPE COMPANY

200 SW Market Street, Suite 1800
Portland, Oregon 97201-5730

PROXY STATEMENT FOR
ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 9, 2006

INTRODUCTION

General

This Proxy Statement and the accompanying 2005 Annual Report to Shareholders are being furnished to the shareholders of Northwest Pipe Company, an Oregon corporation (the Company), as part of the solicitation of proxies by the Company s Board of Directors (the Board of Directors) for use at the Company s annual meeting of shareholders (the Annual Meeting) to be held on Tuesday, May 9, 2006 at the Heathman Hotel, 1001 SW Broadway, Portland, OR 97205, at 9:00 a.m., local time. At the Annual Meeting, shareholders will be asked to elect three members to the Board of Directors and to transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof. This Proxy Statement, together with the enclosed proxy card and the 2005 Annual Report to Shareholders, are first being mailed to shareholders of the Company on or about April 7, 2006.

Solicitation, Voting and Revocability of Proxies

The Board of Directors has fixed the close of business on March 15, 2006 as the record date for the determination of the shareholders entitled to notice of and to vote at the Annual Meeting. Accordingly, only holders of record of shares of Common Stock at the close of business on such date will be entitled to vote at the Annual Meeting, with each such share entitling its owner to one vote on all matters properly presented at the Annual Meeting. On the record date, there were 6,840,739 shares of Common Stock then outstanding. The presence in person or by proxy of a majority of the total number of outstanding shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting.

If the enclosed form of proxy is properly executed and returned in time to be voted at the Annual Meeting, the shares represented thereby will be voted in accordance with the instructions marked thereon. ***Executed but unmarked proxies will be voted FOR the nominees for election to the Board of Directors.*** The Board of Directors does not know of any matters other than those described in the Notice of Annual Meeting that are to come before the Annual Meeting. If any other matters are properly brought before the Annual Meeting, the persons named in the proxy will vote the shares represented by such proxy upon such matters as determined by a majority of the Board of Directors.

Shareholders who execute proxies retain the right to revoke them at any time prior to the exercise of the powers conferred thereby by filing a written notice of revocation with, or by delivering a duly executed proxy bearing a later date to, Corporate Secretary, Northwest Pipe Company, 200 Market Street, Suite 1800, Portland, Oregon 97201-5730, or by attending the Annual Meeting and voting in person. All valid, unrevoked proxies will be voted at the Annual Meeting.

ELECTION OF DIRECTORS

At the Annual Meeting, three directors will be elected, one for a one-year term and two for three-year terms. Unless otherwise specified on the proxy, it is the intention of the persons named in the proxy to vote the shares represented by each properly executed proxy for the election of the nominees named below. The Board of Directors believes that the nominees will stand for election and will serve if elected as directors. However, if any of the persons nominated by the Board of Directors fails to stand for election or is unable to accept election, the proxies will be voted for the election of such other person as the Board of Directors may recommend.

The Company s Articles of Incorporation and Bylaws provide that the Board of Directors shall be composed of not less than six (6) and not more than nine (9) directors. The Board of Directors has fixed the number of directors at six (6). There is currently one vacancy on the Board of Directors. The Company s directors are divided into three classes. The term of office of only one class of directors expires each year, and their successors are generally elected for terms of three years, and until their successors are elected and qualified. There is no cumulative voting for election of directors.

Information as to Nominees and Continuing Directors

The following table sets forth the names of and certain information about the Board of Directors nominees for election as a director and those directors who will continue to serve after the Annual Meeting.

	Age	Director Since	Expiration of Current Term	Expiration of Term for Which Nominated
Nominees:				
Wayne B. Kingsley	63	1987	2006	2007
Brian W. Dunham	48	1995	2006	2009
Richard A. Roman	54	2003	2006	2009
Continuing Directors:				
William R. Tagmyer	68	1986	2008	
Neil R. Thornton	75	1995	2008	

Nominees for Director

Brian W. Dunham has been a director of the Company since August 1995. Mr. Dunham has been President of the Company since January 1998 and became Chief Executive Officer in January 2001. Prior to becoming President, Mr. Dunham had served as the Company s Chief Financial Officer, Vice President, Treasurer and Secretary since 1990 and became Executive Vice President in 1995 and Chief Operating Officer in February 1997. From 1981 to 1990, he was employed by Coopers & Lybrand LLP, an independent public accounting firm.

Wayne B. Kingsley has been a director of the Company since 1987. Mr. Kingsley is Chairman of the Board of Directors of American Waterways, Inc., a passenger vessel operator. From 1985 to 2002, Mr. Kingsley served as Chairman of the Board of Directors of InterVen Partners, Inc., a venture capital management company, and served as General Partner of the venture capital funds managed by InterVen Partners, Inc.

Richard A. Roman has been a director of the Company since 2003. Mr. Roman is the President of Columbia Ventures Corporation, a private investment company which historically has focused principally on the international metals and telecommunications industries. Prior to joining Columbia Ventures Corporation, Mr. Roman was a partner at Coopers & Lybrand, an independent public accounting firm.

Continuing Directors

William R. Tagmyer has been the Chairman of the Board of Directors since 1986. From 1986 to January 1998, Mr. Tagmyer also served as President of the Company and from 1986 to January 2001 as Chief Executive Officer. He worked for L. B. Foster Company, another steel pipe manufacturer, from 1975 to 1986. Prior to 1975, Mr. Tagmyer was employed by the U.S. Steel Corporation and FMC Corporation in the areas of sales, marketing, product management and contract administration.

Neil R. Thornton has been a director of the Company since 1995. He was previously a director of the Company from 1986 to 1993. Mr. Thornton was President and Chief Executive Officer of American Steel, L.L.C., a distributor of carbon steel products, from 1985 until his retirement in January 1998.

The Board of Directors has determined that Wayne B. Kingsley, Richard A. Roman, and Neil R. Thornton are independent as defined by applicable Nasdaq Stock Market rules.

Retired Director

Michael C. Franson retired from the Board of Directors on August 18, 2005. In connection with Mr. Franson s retirement, he also simultaneously retired as a member of the Compensation Committee and the Nominating Committee of the Board of Directors.

Board of Directors and Board Committees

The Board of Directors met five times during 2005. Each director attended more than 75 percent of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings held by all committees of the Board on which he served. Members of the Board of Directors are encouraged to attend the Company s annual meeting of shareholders each year. All of the members of the Board of Directors attended the Company s 2005 Annual Meeting of Shareholders. The Board of Directors has an Executive Committee, an Audit Committee, a Compensation Committee and a Nominating Committee.

Executive Committee. The Executive Committee, comprised of Messrs. Dunham, Kingsley, and Tagmyer, exercises the authority of the Board of Directors between meetings of the Board, subject to certain limitations. The Executive Committee did not meet in 2005.

Audit Committee. The Audit Committee of the Board of Directors is responsible for monitoring the integrity of the Company s consolidated financial statements, the Company s systems of internal controls and the independence and performance of the Company s independent auditors. The Board of Directors has adopted a written charter for the Audit committee. The Audit Committee is comprised of Messrs. Roman, Kingsley and Thornton. Each member of the Audit Committee is independent as defined by applicable Securities and Exchange Commission (SEC) and Nasdaq Stock Market rules. The Board of Directors has determined that Mr. Roman qualifies as an audit committee financial expert as defined by the rules of the SEC. The Audit Committee met seven times in 2005.

Compensation Committee. The Compensation Committee is comprised of Messrs. Roman and Thornton. The Compensation Committee determines the compensation levels of the Company s executive officers, makes recommendations to the Board of Directors regarding changes in compensation and administers the Company s stock option plans. The Compensation Committee met four times in 2005.

Nominating Committee; Nominations by Shareholders. The Nominating committee selects nominees for election as directors. The Nominating Committee is comprised of Messrs. Kingsley and Roman. Each of the members of the Nominating Committee is independent as defined by applicable Nasdaq Stock Market rules. The Nominating Committee met one time in 2005. The Nominating Committee has not adopted a written charter. The Nominating Committee will consider recommendations by shareholders of individuals to consider as candidates for election to the Board of Directors. Historically, the Company has not had a formal policy concerning shareholder recommendations to the Nominating Committee because it believes that the informal consideration process in place to date has been adequate given that the Company has never received any recommendations from shareholders as to candidates for election to the Board of Directors. The absence of such a policy does not mean, however, that a recommendation would not have been considered had one been received. The Nominating Committee intends to periodically review whether a more formal policy should be adopted. Shareholder recommendations as to candidates for election to the Board of Directors may be submitted to Corporate Secretary, Northwest Pipe Company, 200 SW Market Street, Suite 1800, Portland, Oregon 97201-5730. The Nominating Committee will evaluate potential nominees, including shareholder nominees, by reviewing qualifications, considering references, conducting interviews and reviewing such other information as

the members of the Committee deem relevant. The Nominating Committee has not employed any third parties to help identify or screen prospective directors in the past, but may do so at the discretion of the Committee.

The Company s Bylaws permit shareholders to make nominations for the election of directors, if such nominations are made pursuant to timely notice in writing to the Company s Secretary. To be timely, notice must be delivered to, or mailed to and received at, the principal executive offices of the Company not less than 60 days nor more than 90 days prior to the date of the meeting, provided that at least 60 days notice or prior public disclosure of the date of the meeting is given or made to shareholders. If less than 60 days notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be received by the Company not later than the close of business on the tenth day following the date on which such notice of the date of the meeting was mailed or such public disclosure was made. A shareholder s notice of nomination must also set forth certain information specified in the Company s Bylaws concerning each person the shareholder proposes to nominate for election and the nominating shareholder.

Communications with Directors

Shareholders and other parties interested in communicating directly with the members of the Board of Directors may do so by writing to: Board of Directors, Northwest Pipe Company, 200 SW Market Street, Suite 1800, Portland, Oregon 97201-5730.

See Management Executive Compensation for certain information regarding compensation of directors.

The Board of Directors unanimously recommends that shareholders vote FOR the election of its nominees for directors. If a quorum is present, the Company s Bylaws provide that directors are elected by a plurality of the votes cast by the shares entitled to vote. Abstentions and broker non-votes are counted for purposes of determining whether a quorum exists at the Annual Meeting, but are not counted and have no effect on the determination of whether a plurality exists with respect to a given nominee.

MANAGEMENT

Executive Officers

Information with respect to the Company s current executive officers is set forth below. Officers of the Company are elected by the Board of Directors and hold office until their successors are elected and qualified.

Name	Age	Current Position(s) with Company
Brian W. Dunham	48	Director, Chief Executive Officer and President
Charles L. Koenig	63	Senior Vice President, Water Transmission
Robert L. Mahoney	44	Vice President, Chief Strategic Officer
Terrence R. Mitchell	50	Senior Vice President, Tubular Products
John D. Murakami	52	Vice President, Chief Financial Officer and Corporate Secretary
Gary A. Stokes	53	Senior Vice President, Sales and Marketing

Information concerning the principal occupation of Mr. Dunham is set forth under Election of Directors.

Charles L. Koenig was named Senior Vice President, Water Transmission in July 2001. He had served as Vice President, Water Transmission since February 1997 and, prior to that, had served as Vice President California Operations since 1993. He has been with the Company since 1992 and is a registered Professional Engineer. Previously, he was Operations Manager with Thompson Pipe and Steel Company, where he was employed for more than twenty years.

Robert L. Mahoney was named Vice President, Chief Strategic Officer in May 2005. He had served as Vice President, Corporate Development since July 1998, as Director of Business Planning and Development since 1996, and has been with the Company since 1992.

Terrence R. Mitchell was named Senior Vice President, Tubular Products in July 2001. He had served as Vice President, Tubular Products since May 1996, and as Vice President and General Manager Kansas Division

since 1993. Mr. Mitchell has been with the Company since 1985. Prior to joining the Company, he was employed by Valmont Industries, another pipe manufacturer.

John D. Murakami was named Vice President, Chief Financial Officer in February 1997, and had served as Corporate Controller since September 1995. Prior to joining the Company, he was employed by Babler Brothers, Inc., a manufacturer of concrete pipe products.

Gary A. Stokes was named Senior Vice President, Sales and Marketing in July 2001 and had served as Vice President, Sales and Marketing since 1993. He has been with the Company since 1987. Mr. Stokes was previously employed by L. B. Foster Company for eleven years. He served as the Regional Manager responsible for L.B. Foster Company s West Coast sales operations.

EXECUTIVE COMPENSATION

Summary of Cash and Certain Other Compensation

The following table provides certain summary information concerning compensation awarded to, earned by or paid to the Company s Chief Executive Officer and each of the four other most highly compensated executive officers of the Company determined as of the end of the last fiscal year (hereafter referred to as the named executive officers) for the fiscal years ended December 31, 2005, 2004 and 2003.

SUMMARY COMPENSATION TABLE

		Annual Compensation		Long Term Compensation	
Name and Principal Position	**Year**	**Salary**	**Bonus (1)**	**Stock Options Granted**	**All Other Compensation**
Brian W. Dunham	2005	$495,000	$310,561		$43,357(2)
Director, Chief Executive Officer and President	2004	465,000	581,250		35,213(2)
	2003	420,000			36,216(2)
Charles L. Koenig	2005	$227,500	$232,130		$40,970(2)
Senior Vice President, Water Transmission	2004	217,500	225,000		36,654(2)
	2003	207,000			35,859(2)
Robert L. Mahoney	2005	$190,000	$102,176		$19,531(2)
Vice President, Chief Strategic Officer	2004	151,000	188,750		13,522(2)
	2003	145,250			16,113(2)

		Annual Compensation		Long Term Compensation	
John D. Murakami Vice President, Chief Financial Officer and Secretary	2005 2004 2003	$190,000 160,000 151,000	$102,301 200,000		$21,843(2) 17,362(2) 19,229(2)
Gary A. Stokes Senior Vice President, Sales and Marketing	2005 2004 2003	$237,500 225,000 213,200	$255,237 235,000		$30,332(2) 29,266(2) 28,846(2)

(1) Annual bonus represents amount earned during the year. Actual payments may be made over subsequent years.

(2) Represents matching amounts contributed to the Company s 401(k) plan and the amount contributed to the Northwest Pipe Non-Qualified Savings Plan in 2005, 2004 and 2003, respectively.

Stock Options

There were no option grants to the named executive officers in 2005.

Options Exercised in Last Fiscal Year and Fiscal Year End Option Values

The following table sets forth, for each of the named executive officers, the number of shares acquired upon option exercises during 2005 and the related value realized, and the number and value of unexercised options as of December 31, 2005.

			Number of Unexercised Options at December 31, 2005		Value of Unexercised In-the-Money Options at December 31, 2005 (2)	
Name	**Shares Acquired on Exercise**	**Value Realized (1)**	**Exercisable**	**Unexercisable**	**Exercisable**	**Unexercisable**
Brian W. Dunham	42,900	$743,028	155,980	6,842	$1,688,615	$73,159
Charles L. Koenig	17,160	$281,767	60,022	2,330	$ 640,216	$25,063
Robert L. Mahoney			32,992	1,621	$ 362,992	$17,381
John D. Murakami			43,522	1,651	$ 473,089	$17,646
Gary A. Stokes			60,595	2,390	$ 647,057	$25,660

(1) The value realized is based on the difference between the market price at the time of exercise of the options and the applicable exercise price.

(2) The value of unexercised in-the-money options is calculated based on the closing price of the Company s Common Stock on December 31, 2005, $26.76 per share. Amounts reflected are based on the assumed value minus the exercise price and do not necessarily indicate that the optionee sold such stock.

Equity Compensation Plan Information

The following table provides information as of December 31, 2005 with respect to the shares of the Company s Common Stock that may be issued under the Company s existing equity compensation plans.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity Compensation Plans Approved by Shareholders (1)	711,336	$16.063	15,000
Equity Compensation Plans Not Approved by Shareholders (2)			
Total	711,336	$16.063	15,000

(1) Consists of the Company s 1995 Stock Incentive Plan and the 1995 Stock Option Plan for Nonemployee Directors.

(2) The Company does not have any equity compensation plans or arrangements that have not been approved by shareholders.

Change in Control Agreements

The Company has entered into change in control agreements (the Agreements) with its executive officers. Each of the Agreements was originally for a term ending July 19, 2001, provided that on that date and each anniversary thereafter, the term of the Agreements will be automatically extended by one year unless either party gives 90 days prior written notice that the term of an agreement shall not be so extended. If a Change in

Control (as defined in the Agreements and described below) occurs during the term of Agreements, the Agreements will continue in effect until two years after the Change in Control.

If an executive officer s employment with the Company is terminated within two years after a Change in Control either by the Company without Cause (as defined in the Agreements and described below) or by the executive officer for Good Reason (as defined in the Agreements and described below), the executive officer will be entitled to receive his full base salary through the date of termination and any benefits or awards (both cash and stock) that have been earned or are payable through the date of termination plus (i) a lump sum payment equal to two year s base salary (three years in the case of Mr. Dunham) and (ii) an amount equal to two times (three times in the case of Mr. Dunham) the average cash bonuses paid to the executive officer during the previous three years. In addition, the executive officer would be entitled to the continuation of health and insurance benefits for certain periods and all outstanding unvested stock options would immediately become fully vested. In the event that the payments made to an executive officer would be deemed to be a parachute payment under the Internal Revenue Code of 1986, an executive officer may choose to accept payment of a reduced amount that would not be deemed to be a parachute payment.

If an executive officer s employment with the Company is terminated within two years after a Change in Control either by the Company for Cause or as a result of the executive officer s disability or death, the executive officer will be entitled to receive his full base salary through the date of termination plus any benefits or awards (both cash and stock) that have been earned or are payable through the date of termination.

For purposes of the Agreements, a Change in Control includes (i) any merger or consolidation transaction in which the Company is not the surviving corporation, unless shareholders of the Company immediately before such transaction have the same proportionate ownership of common stock of the surviving corporation in the transaction, (ii) the acquisition by any person of 30 percent or more of the Company s total combined voting power, (iii) the liquidation of the Company or the sale or other transfer of substantially all of its assets, and (iv) a change in the composition of the Board of Directors during any two-year period such that the directors in office at the beginning of the period and/or their successors who were elected by or on the recommendation of two-thirds of the directors in office at the beginning of the period do not constitute at least a majority of the Board of Directors. For purposes of the Agreements, Good Reason includes (i) an adverse change in the executive officer s status, title, position(s) or responsibilities or the assignment to the executive of duties or responsibilities which are inconsistent with the executive officer s status, title or position, (ii) a reduction in the executive officer s base salary or the failure to pay compensation otherwise due to the executive officer, (iii) a requirement that the executive officer be based anywhere other than within 10 miles of his job location before the Change in Control, (iv) the Company s failure to continue in effect any compensation or employee benefit plan or program in effect before the Change in Control or any act or omission that would adversely effect the executive officer s continued participation in any such plan or program or materially reduce the benefits under such plan or program, and (v) the failure by the Company to require any successor to the Company to assume the Company s obligations under the Agreements within 30 days after a Change in Control. For purposes of the Agreements, Cause means the willful and continued failure to satisfactorily perform the duties assigned to the executive officer within a certain period after notice of such failure is given and commission of certain illegal conduct.

Employment Agreement

The Company entered into an Employment Agreement (the Employment Agreement) with Mr. Tagmyer effective November 14, 2000. The Employment Agreement is for a term ending on December 31, 2010, unless terminated earlier by the parties. The Employment Agreement provides that through 2010, Mr. Tagmyer will receive a base salary of $150,000 per year. If the Employment Agreement is terminated by Mr. Tagmyer or by the Company for cause (as defined), Mr. Tagmyer would be paid all compensation and expenses to which he is entitled through the date of termination of the Employment Agreement. If the Employment Agreement is terminated by the Company for any reason other than for cause or as a result of Mr. Tagmyer s death, Mr. Tagmyer would be entitled to receive all of the remaining payments that he would have been entitled to receive under the Employment Agreement if it had not been terminated. If the Employment Agreement is terminated as a result of Mr. Tagmyer s death, Mr. Tagmyer s beneficiary or estate would be entitled to receive

fifty percent of the remaining payments under the Employment Agreement to which Mr. Tagmyer would have been entitled had he survived. The Employment Agreement contains certain noncompetition provisions that apply to Mr. Tagmyer s activities during the term of the Employment Agreement and for a period of one year after the later of the date of termination of the Agreement or the date the last payment is made under the Agreement.

Director Compensation

The members of the Company s Board of Directors are reimbursed for their travel expenses incurred in attending Board meetings. In addition, each nonemployee member of the Board of Directors receives a $24,000 annual retainer, $1,000 for each Board meeting attended, $500 for each telephonic Board meeting attended and $500 for each meeting of a committee of the Board attended. In addition, each Committee Chairman receives an additional $5,000 annual retainer. The Company s 1995 Stock Option Plan for Nonemployee Directors (the 1995 Nonemployee Director Plan) provides that an option to purchase 5,000 shares of Common Stock is granted to each new nonemployee director at the time such person is first elected or appointed to the Board of Directors. In addition, each nonemployee director receives an option to purchase 2,000 shares of Common Stock annually after each annual meeting of shareholders. The number of options which may be granted under the 1995 Nonemployee Director Plan in any fiscal year may not exceed 20,000, subject to stock splits and similar events, and a total of 100,000 shares of Common Stock have been reserved for issuance upon exercise of stock options granted under the 1995 Nonemployee Director Plan. On May 10, 2005 options to purchase 2,000 shares of Common Stock, at $22.07 each, were granted to each of Messrs. Franson, Kingsley, Roman, and Thornton.

Compensation Committee Interlocks and Insider Participation

Messrs. Roman and Thornton, each of whom is an outside director, served on the Compensation Committee in 2005. No director or executive officer of the Company serves on the compensation committee of the board of directors of any company for which Messrs. Roman or Thornton serve as executive officers or directors.

COMPENSATION COMMITTEE REPORT

Under rules established by the SEC, the Company is required to provide certain data and information with regard to the compensation and benefits provided to the Company s Chief Executive Officer and the four other most highly compensated executive officers. In fulfillment of this requirement, the Compensation Committee has prepared the following report for inclusion in this Proxy Statement.

Executive Compensation Philosophy

The Compensation Committee is composed entirely of independent, outside directors and is responsible for setting and monitoring policies governing compensation of executive officers. The Compensation Committee reviews the performance and compensation levels for executive officers, and sets salary and bonus levels and option grants under the Company s stock option plans. The objectives of the Compensation Committee are to correlate executive compensation with the Company s business objectives and performance and to enable the Company to attract, retain and reward executive officers who contribute to the long-term success of the Company.

The Omnibus Budget Act of 1993 added Section 162(m) to the Internal Revenue Code of 1986, which limits to $1,000,000 the deductibility of compensation (including stock-based compensation) individually paid to a publicly-held Company s chief executive officer and the four other most highly compensated executive officers. The Board of Directors and the Compensation Committee intend to take the necessary steps to structure executive compensation policies to comply with this limit on deductibility of executive compensation.

Salaries. The Compensation Committee annually assesses the performance and sets the salary of the Company s executive officers. Salaries for executive officers are based on a review of salaries for similar positions requiring similar qualifications. In determining executive officer salaries, the Compensation Committee reviews recommendations from management, which include information from salary surveys. Additionally, the Compensation Committee establishes both financial and operational based objectives and goals. The Compensation Committee considers not only the performance evaluations of executive officers but also reviews the financial condition of the Company in setting salaries.

Bonus Awards. The Compensation Committee believes that a significant portion of total cash compensation for executive officers should be subject to the Company s attainment each year of specific financial performance criteria. This approach creates a direct incentive for executive officers to achieve desired performance goals and places a significant percentage of each executive officer s compensation at risk. Consequently, each year the Compensation Committee establishes potential bonuses for executive officers based on the Company s achievement of certain financial performance measures for the year, including sales and net income measures. Bonuses ranging in amounts from $40,050 to $310,561 were awarded for 2005 based on the Company s partial achievement of the financial and other performance goals for 2005.

Stock Options. No stock options were issued to executive officers in 2005.

Chief Executive Officer Compensation.Mr. Dunham s 2005 base salary was determined in the same manner as the other executives as described in *Salaries* above. The Compensation Committee approved Mr. Dunham s 2005 annual base salary of $495,000, based on the salary survey data referred to above and compensation levels of Chief Executive Officers of comparable size companies in industries similar to the Company s. Mr. Dunham also received a bonus of $310,561 for 2005 based on the Company s partial achievement of certain financial and other performance goals.

COMPENSATION COMMITTEE

Richard A. Roman
Neil R. Thornton

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is comprised of three directors who are considered independent under applicable SEC and Nasdaq listing rules. The Audit Committee operates under a written charter adopted by the Board of Directors. A copy of the Audit Committee charter is attached to this proxy statement as Appendix A.

The purpose of the Audit Committee is to assist the Board of Directors in its general oversight of the Company. The primary responsibilities of the Audit Committee are to oversee and monitor the integrity of the Company s financial reporting process on behalf of the Board of Directors and report the results of its activities to the Board of Directors. The Audit Committee annually reviews and selects the Company s independent registered public accounting firm and preapproves any non-audit work required of the public accounting firm.

Management is responsible for preparing the Company s financial statements. The independent accountants are responsible for performing an independent audit of the Company s financial statements in accordance with generally accepted auditing standards and to issue a report thereon, and for performing an independent audit of management s assessment of the effectiveness of the Company s internal controls over financial reporting, and the effectiveness of such. The Audit Committee s responsibility is to monitor and oversee these processes. The Audit Committee serves a board-level oversight role in which it provides advice, counsel and direction to management and the independent accountants on the basis of the information it receives, discussions with the independent accountants and the experience of the Audit Committee s members in business, financial and accounting matters.

In this context, the Audit Committee has reviewed and discussed the audited financial statements with management and the independent accountants. The Audit Committee also has discussed with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).

The Company s independent accountants also provided to the Audit Committee the written disclosures and letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee discussed with the independent accountants that firm s independence.

Based on the above discussions and review with management and the independent accountants, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2005 for filing with the Commission.

Respectfully submitted by the Audit Committee of the Board of Directors.

AUDIT COMMITTEE

Wayne B. Kingsley
Richard A. Roman
Neil R. Thornton

STOCK PERFORMANCE GRAPH

The SEC requires that registrants include in their proxy statement a line-graph presentation comparing cumulative five-year shareholder returns on an indexed basis, assuming a $100 initial investment and reinvestment of dividends, of (a) the registrant, (b) a broad-based equity market index and (c) an industry-specific index. The following graph includes the required information from December 31, 2000 through the end of the last fiscal year, December 31, 2005. The broad-based market index used is the Russell 2000 Index and the industry-specific index used is a peer group of companies consisting of Ameron International Corporation, Lindsay Manufacturing Co., Valmont Industries, Inc., and Maverick Tube Corporation.

	Indexed Returns		
	Northwest Pipe Company	**Russell 2000 Index**	**Peer Group**
December 31, 2000	100.00	100.00	100.00
December 31, 2001	231.50	102.49	80.16
December 31, 2002	244.96	81.49	86.78
December 31, 2003			