

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

Form 8-K
Form 8-K/A
(as to Item 5.02)

CURRENT REPORT

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

Date of Report (Date of earliest event reported) **March 14, 2006**

PORTLAND GENERAL ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

Oregon	Commission File Number	93-0256820
(State or other jurisdiction of incorporation or organization)	1-5532-99	(I.R.S. Employer Identification No.)

121 SW Salmon Street, Portland, Oregon 97204

(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: **(503) 464-8000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 1 - Company's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement.

2006 Annual Cash Incentive Master Plan

On March 14, 2006, the Board of Directors of Portland General Electric Company (PGE or Company) approved the Portland General Electric Company 2006 Annual Cash Incentive Master Plan (Plan) and the Company's sole shareholder, Enron Corp., approved the Plan on March 16, 2006. A copy of the Plan document is filed herewith as Exhibit 10.1. The material terms and conditions of the Plan are described below.

Purpose

The purpose of the Plan is to recognize and reward officers and other employees for achieving individual, department and corporate goals and objectives.

Administration

The Plan is administered by the Compensation and Human Resources Committee (Compensation Committee) of the Board of Directors.

Eligibility and Participation

Each year the Compensation Committee selects the officers who will participate in the Annual Incentive Program for that year, including the Chief Executive Officer (CEO) and officers other than the CEO who are at the level of vice president or above, and are treated as executive officers under SEC reporting rules (Covered Executives). All other Participants in the Annual Incentive Program are selected by the CEO. Participants are not eligible to participate in any other annual incentive plan of the Company without the specific approval of the Compensation Committee.

Establishment and Calculation of Awards

At the beginning of an Award Year, the Compensation Committee establishes for each Covered Executive Participant selected to participate in the Annual Incentive Program the material terms and conditions of the Annual Incentive Program for that award year, including the performance goals, the potential Award amounts based on the extent to which performance goals are met, and the potential effect of Participant contributions during the Award Year. Subject to the approval of the Compensation Committee, the CEO recommends the material terms and conditions of the Annual Incentive Program for Participants who are not Covered Executives.

Following the end of each Award Year, the Compensation Committee determines the extent to which performance goals were met for the Award Year for each of the Covered Executive Participants. In making the determination, the Compensation Committee may include or exclude the impact of certain non-recurring, unusual events that occur during the Award Year. The CEO determines the extent to which performance goals were met for the Award Year for Participants who are not Covered Executives.

The Compensation Committee calculates Award amounts for each Covered Executive Participant based on the extent to which relevant performance goals were achieved, and the CEO calculates the Award amounts for Participants who are not Covered Executives. The Award amounts may be adjusted as provided in the Plan to reflect individual Participant contributions. If minimum performance goals are not achieved for an Award, no payment will be made under the Award; however, the Compensation Committee may establish a discretionary amount distributable to Participants at the discretion of the Compensation Committee.

Payment of Awards Earned

Awards earned by each Participant will be paid as soon as administratively possible following the close of the Award Year, but in no event later than two and one-half months after the end of the Award Year.

Termination of Employment

In the event of a Participant's termination of employment for any reason other than death, disability, or retirement prior to payment being made under an Award, the Participant will forfeit all rights to any such payment. If a Participant's employment terminates due to the Participant's death, disability or retirement prior to payment being made under an Award, the Award shall be pro-rated to reflect the length of time the Participant was employed during the Award Year.

Section 162(m) Awards

The Compensation Committee may determine that an Award granted to a Covered Executive Participant will be granted in a manner such that the Award qualifies for the performance-based compensation exemption of Section 162(m) of the Internal Revenue Code. No performance-based Award to a Covered Executive Participant for an Award Year may result in a payment in excess of \$2 million.

Corporate Restructuring

Upon the occurrence of certain corporate restructuring events, the Award Year will terminate on the effective date of the event and the Company or its successor will determine the potential Award amount, if any, with respect to the Award Year.

Amendment, Suspension, or Termination of the Plan

The Board may amend, suspend, or terminate the Plan at any time. In addition, the Board may amend, suspend, or terminate any or all unpaid Awards under the Plan upon a finding of current or threatened financial hardship for the Company, which will be final and binding upon all Participants.

2006 Incentive Compensation for Named Executive Officers

On March 14, 2006, the Compensation Committee approved the structure of the Annual Incentive Program for the 2006 Award Year for the Covered Executives, including the CEO and the four most highly compensated executive officers other than the CEO (together with the CEO, the Named Executive Officers), subject to approval of the Plan by the Company's sole shareholder. The Company's sole shareholder approved the Plan on March 16, 2006. The 2006 Incentive Program provides for Awards based on attainment of financial, strategic and individual performance goals. Awards are calculated by multiplying base salary actually paid for the year by the product of the target Award opportunity, incentive performance rating percentage, and a percentage based upon net income, as adjusted pursuant to the Plan.

Target Award Opportunity

The Compensation Committee established target Award opportunities for the Named Executive Officers as a percentage of base salary actually paid at 75% for the CEO, 50% for the Chief Financial Officer, and 45% for the other three Named Executive Officers.

Strategic and Individual Performance Goals

The strategic and individual performance goals for the Named Executive Officers are (i) high customer value (measured by customer surveys), (ii) reliable, reasonably priced supply (measured by net variable power costs, capacity supply position and reliability), (iii) active corporate responsibility (measured by customer and employee surveys and employee volunteerism), (iv) economic strength (measured by traded sector customers collective load growth, leadership role in regional economic strength), (v) engaged valued workforce (measured by employee surveys and compensation benchmarking results), (vi) sustained operational excellence (measured by customer at-fault complaints, outage duration and frequency, generation plant availability and efficiency, time and cost to connect new customers, safety incidents and corporate regulatory compliance measures), and (vii) strong financial performance (measured by return on equity, total shareholder return, and bond ratings).

Incentive Performance Rating Percentage

The level of attainment of the strategic and individual performance goals results in a performance rating from 1 to 5, which is aligned with an incentive performance rating percentage ranging from 0% to 150%.

Net Income Goal

The net income goal is based upon available earnings information, normalized for non-recurring extraordinary items as provided in the Plan. Threshold, Target and Maximum net income levels for determining 2006 Awards are as follows:

Net Income Achieved:	Funding Level	
Below Threshold	0%	
Threshold (80% of Target)	50%	
Target	100%	
Maximum (120% or more of Target)	133%	

Percentages are interpolated for actual levels achieved between levels above the Threshold.

2006 Maximum Award Opportunities

The 2006 maximum Award opportunities for the Named Executive Officers, as a percentage of base salary actually paid, are as follows:

Name	Title	Maximum Award
Peggy Y. Fowler	Chief Executive Officer	150%

	and President	
James J. Piro	Executive Vice President, Finance, Chief Financial Officer and Treasurer	100%
Stephen M. Quennoz	Vice President, Nuclear and Power Supply/Generation	90%
Douglas R. Nichols	Vice President, General Counsel and Secretary	90%
Stephen R. Hawke	Vice President, Customer Service and Delivery	90%

Section 5 - Corporate Governance and Management

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

This Form 8-K/A amends the Form 8-K filed by the Company on January 26, 2006, announcing the appointment of David A. Dietzler, Mark B. Ganz, Robert G. Miller, M. Lee Pelton, Maria M. Pope, and Robert T. F. Reid to the Board of Directors of the Company. At that time, it had not been determined on which committees of the Board these newly appointed directors would serve.

On March 14, 2006, the Board of Directors made the following Board committee appointments, including with respect to the new directors. The committee appointments are effective April 1, 2006.

Audit Committee: David A. Dietzler, John W. Ballantine, and Maria M. Pope. The Board has determined that Mr. Dietzler is an "audit committee financial expert" as that term is defined in Item 401(h) of Regulation S-K. Mr. Dietzler was appointed Chairman of the Committee.

Compensation and Human Resources Committee: John W. Ballantine, Robert G. Miller, and Robert T. F. Reid. Mr. Ballantine was appointed Chairman of the Committee.

Nominating and Corporate Governance Committee: Corbin A. McNeill, Jr., Raymond S. Troubh, and M. Lee Pelton. Mr. McNeill was appointed Chairman of the Committee.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On March 14, 2006, the Board of Directors adopted the Third Amended and Restated Bylaws of Portland General Electric Company replacing, in their entirety, the Amended and Restated Bylaws of the Company, as adopted on May 1, 1998 and amended on December 31, 1999 and February 1, 2004. A copy of the Third Amended and Restated Bylaws is filed herewith as Exhibit 3.1.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Description

(3) Articles of Incorporation and Bylaws

3.1 Portland General Electric Company Third Amended and Restated Bylaws

(10) Material Contracts

10.1 Portland General Electric Company 2006 Annual Cash Incentive Master Plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PORTLAND GENERAL ELECTRIC COMPANY

(Registrant)

March 17, 2006	By:	/s/ Kirk M. Stevens
		Kirk M. Stevens Controller and Assistant Treasurer

EXHIBIT 3.1

THIRD AMENDED AND RESTATED BYLAWS
OF
PORTLAND GENERAL ELECTRIC COMPANY

An Oregon Corporation

Date of Adoption

March 14, 2006

THIRD AMENDED AND RESTATED BYLAWS
OF
PORTLAND GENERAL ELECTRIC COMPANY
(An Oregon corporation)

ARTICLE I OFFICES

1.1. Registered Office. The registered office of the corporation required by the Oregon Business Corporation Act (the "Act") to be maintained in the State of Oregon shall be CT Corporation System, 520 S.W. Yamhill, Suite 800, Portland, Oregon 97204, or such other office as may be designated from time to time by the Board of Directors in the manner provided by law.

1.2. Other Offices. The corporation may also have offices at such other places both within and without the State of Oregon as the Board of Directors may from time-to-time determine or the business of the corporation may require.

ARTICLE II SHAREHOLDERS

2.1 Annual Meeting. The annual meeting of the shareholders shall be held on the date and at the time as fixed by the Board of Directors and stated in the notice of the meeting.

2.2 Special Meetings. Special meetings of the shareholders may be called by the Chairman of the Board, the Chief Executive Officer, the President or by the Board of Directors, and shall be called by the President (or in the event of absence, incapacity or refusal of the President, by the Secretary or any other officer) at the request of the holders of not less than 10 percent (unless the Articles of Incorporation provide otherwise) of all votes entitled to be cast on any issue proposed to be considered at the proposed special meeting. The requesting shareholders shall sign, date and deliver to the Secretary a written demand describing the purpose or purposes for holding the special meeting.

2.3 Place of Meetings. Meetings of the shareholders shall be held at the principal business office of the corporation or at such other places within or without the State of Oregon as may be determined by the Board of Directors.

2.4 Notice of Meetings. Written notices stating the date, time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed to each shareholder entitled to vote at the meeting at the shareholder's address shown in the corporation's current record of shareholders, with postage thereon pre-paid, not less than 10 nor more than 60 days before the date of the meeting and to nonvoting shareholders as required by law. Any previously scheduled meeting of the shareholders called by or at the direction of Board of Directors may be postponed, and (unless the Articles of Incorporation or applicable law otherwise provide) any such meeting of the shareholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of shareholders.

2.5 Waiver of Notice. A shareholder may at any time waive any notice required by law, the Articles of Incorporation or these Bylaws. The waiver must be in writing, be signed by the shareholder entitled to the notice and be delivered to the corporation for inclusion in the minutes for filing with the corporate records. A shareholder's attendance at a meeting waives objection to lack of

notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting. The shareholder's attendance also waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

2.6 Record Date.

- a. For the purpose of determining shareholders entitled to notice of a shareholders' meeting, to demand a special meeting or to vote or to take any other action, the Board of Directors of the corporation may fix a future date as the record date for any such determination of shareholders, such date in any case to be not more than 70 days nor less than ten days before the meeting or action requiring a determination of shareholders. The record date shall be the same for all voting groups.
- b. A determination of shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.
- c. If a court orders a meeting adjourned to a date more than 120 days after the date fixed for the original meeting, it may provide that the original record date continue in effect or it may fix a new record date.

2.7 Shareholders' List for Meeting. After a record date for a meeting is fixed, the corporation shall prepare an alphabetical list of the names of all its shareholders entitled to notice of a shareholders' meeting. The list must be arranged by voting group and within each voting group by class or series of shares and show the address of and number of shares held by each shareholder. The shareholders' list must be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. The corporation shall make the shareholders' list available at the meeting, and any shareholder or the shareholder's agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment. Refusal or failure to prepare or make available the shareholders' list does not affect the validity of action taken at the meeting.

2.8 Quorum: Adjournment. Shares entitled to vote may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. A majority of the votes entitled to be cast on the matter constitutes a quorum for action on that matter. If, however, such quorum is not present or represented at any meeting of the shareholders, then either: (i) the Chairman of the meeting, or (ii) the shareholders by the vote of the holders of a majority of votes present in person or represented by proxy at the meeting, shall have power to adjourn the meeting to a different time and place without further notice to any shareholder of any adjournment except that notice is required if a new record date is or must be set for the new meeting. At such adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted at the meeting originally held. Once a share is represented for any purpose at a meeting, it shall be deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is set for the adjourned meeting.

2.9 Voting Requirements. If a quorum exists, action on a matter, other than the election of directors, is approved if the votes cast by the shares entitled to vote favoring the action exceed the votes cast opposing the action, unless a greater number of affirmative votes is required by law or the Articles of Incorporation. Directors are elected by a plurality of votes cast by the shares entitled to vote in an election at a meeting at which a quorum is present. Except as provided in the Act, or unless the Articles of Incorporation provide otherwise, each outstanding share is entitled to one vote on each matter voted on at a shareholders' meeting. Unless otherwise provided in the Articles of Incorporation, cumulative voting for the election of directors shall be prohibited.

2.10 Proxies.

- a. A shareholder may vote shares in person or by proxy by signing an appointment, either personally or by the shareholder's designated officer, director, employee, agent, or attorney-in-fact. An appointment of a proxy shall be effective when received by the Secretary or other officer of the corporation authorized to tabulate votes. An appointment is valid for 11 months unless a longer period is expressly provided for in the appointment form. An appointment is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest that has not been extinguished.
- b. The death or incapacity of the shareholder appointing a proxy shall not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other officer authorized to tabulate votes before the proxy exercises the proxy's authority under the appointment.

2.11 Organization. Meetings of shareholders shall be presided over by the Chairman of the Board of Directors, if any, or in his or her absence by the Vice Chairman of the Board of Directors, if any, or in his or her absence by Chief Executive Officer, or in his or her absence by the President. The Secretary, or in his or her absence, an Assistant Secretary, or, in the absence of the Secretary and all Assistant Secretaries, a person whom the chairman of the meeting shall appoint shall act as secretary of the meeting and keep a record of the proceedings thereof.

The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of shareholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors,

if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to shareholders of record of the corporation and their duly authorized and constituted proxies, and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants, and regulation of the opening and closing of the polls for balloting and matters which are to be voted on by ballot. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of shareholders shall not be required to be held in accordance with rules of parliamentary procedure.

2.12 Inspectors of Election. Before any meeting of shareholders, the Board of Directors shall appoint one or more inspectors of election to act at the meeting or its adjournment. If any person appointed as inspector fails to appear or fails or refuses to act, then the chairman of the meeting may, and upon the request of any shareholder or a shareholder's proxy shall, appoint a person to fill that vacancy.

Such inspectors shall:

- a. determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the authenticity and validity of proxies and ballots;
- b. receive votes, ballots or consents;
- c. hear and determine all challenges and questions in any way arising in connection with the right to vote;
- d. count and tabulate all votes or consents;
- e. determine the result; and
- f. do any other acts that may be proper to conduct the election or vote with fairness to all shareholders.

The inspector(s) of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there is more than one (1) inspector of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

2.13 Action Without a Meeting. Except as otherwise provided under the Articles of Incorporation and applicable law, and subject to restrictions on the taking of shareholder action without a meeting under applicable law or the rules of a national securities association or exchange, action required or permitted by law to be taken at a shareholders' meeting may be taken without a meeting if the action is taken by all shareholders entitled to vote on the action. The action will be evidenced by one or more written consents describing the action taken, signed by all the shareholders entitled to vote on the action and delivered to the corporation for inclusion in the minutes or filing with the corporate records. Action taken under this Section 2.13 is effective when the last shareholder signs the consent or consents, unless the consent or consents specify an earlier or later effective date. If not otherwise determined by law, the record date for determining shareholders entitled to take action without a meeting under this Section 2.13 is the date the first shareholder signs the consent. A consent signed under this Section 2.13 has the effect of a meeting vote and may be described as such in any document.

ARTICLE III

BOARD OF DIRECTORS

3.1 Duties of Board of Directors. All corporate powers shall be exercised by or under the authority of and the business and affairs of the corporation shall be managed by its Board of Directors. In addition to the powers and authorities these Bylaws expressly confer upon them, the Board of Directors may exercise all such powers of the corporation and do all such lawful acts and things as are not required by the Act, the Articles of Incorporation, or these Bylaws to be exercised or done by the shareholders.

3.2 Number, Election and Qualification. The number of directors of the corporation shall be determined from time to time by the Board of Directors. The Board of Directors may periodically change the number of directors by resolution, provided that no decrease shall have the effect of shortening the term of any incumbent director. The directors shall hold office until the next annual meeting of shareholders, and until their successors shall have been elected and qualified, until earlier death, resignation or removal or until there is a decrease in the number of directors. Directors need not be residents of the State of Oregon or shareholders of the corporation.

3.3 Regular Meetings, Election of Chairman. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of shareholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Oregon, for the holding of additional regular meetings without other notice than the resolution. At this regular meeting held after the annual meeting of shareholders, or at any other time, the Board of Directors may appoint one of its members as Chairman of the Board. The Chairman of the Board shall not be an officer of the corporation unless so designated by the Board of Directors. The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and shall perform such other duties as may be prescribed from time to time by the Board of Directors. In the absence of a Chairman of the Board of Directors, the directors then present shall select one member to act as Chairman of each meeting.

3.4 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, by a majority of the directors or, if the Chief Executive Officer is a director, by the Chief Executive Officer or, if the President is a director, by the President. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Oregon, as the place for holding any special meeting of the Board of Directors called by them.

3.5 Notice. Notice of the date, time and place of any special meetings of the Board of Directors shall be given in any manner reasonably likely to be received at least 24 hours prior to the meeting orally or in writing by mail, telephone, voice mail or any other means provided by law. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

3.6 Waiver of Notice. A director may at any time waive any notice required by law, the Articles of Incorporation or these Bylaws. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting, or promptly upon the director's arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.7 Quorum. Majority Vote. Unless otherwise set forth in these Bylaws or the Articles of Incorporation, a majority of the number of directors established by the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is required by law, the Articles of Incorporation or these Bylaws. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

3.8 Meeting by Telephone Conference: Action Without Meeting.

- a. Members of the Board of Directors may hold a board meeting by conference telephone or other communications equipment by means of which all persons participating in the meeting can simultaneously hear each other. Participation in such a meeting shall constitute presence in person at the meeting.
- b. Any action that is required or permitted to be taken by the directors at a meeting may be taken without a meeting if one or more written consents setting forth the action so taken shall be signed by each director entitled to vote on the matter. The action shall be effective on the date when the last director signs the consent, unless the consent specifies an earlier or later time. Such consent, which shall have the same effect as a unanimous vote of the directors, shall be filed with the minutes of the corporation.

3.9 Vacancies. Any vacancy, including a vacancy resulting from an increase in a number of directors, occurring on the Board of Directors may be filled by the shareholders, the Board of Directors or the affirmative vote of a majority of the remaining directors if less than a quorum of the Board of Directors or by a sole remaining director. If the vacant office is filled by the shareholders and was held by a director elected by a voting group of shareholders, then only the holders of shares of that voting group are entitled to vote to fill the vacancy. Any directorship not so filled by the directors may be filled by election at an annual meeting or at a

special meeting of shareholders called for that purpose. A director elected to fill a vacancy shall be elected to serve until the next annual meeting of shareholders and until a successor shall be elected and qualified. A vacancy that will occur at a specific later date, by reason of a resignation or otherwise, may be filled before the vacancy occurs, and the new director shall take office when the vacancy occurs.

3.10 Compensation. By resolution of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director.

3.11 Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors or a committee of the Board of Directors shall be deemed to have assented to the action taken unless: (a) the director's dissent to, or abstention from, the action is entered in the minutes of the meeting, (b) a written dissent or abstention to the action is filed with the presiding officer of the meeting before the adjournment thereof or forwarded by certified or registered mail to the Secretary of the corporation immediately after the adjournment of the meeting, or (c) the director objects at the beginning of the meeting, or promptly upon arrival, to the holding of the meeting or transacting business at the meeting. The right to dissent or abstention shall not apply to a director who voted in favor of the action.

3.12 Director Conflict of Interest.

- a. A transaction in which a director of the corporation has a direct or indirect interest shall be valid notwithstanding the director's interest in the transaction if: (1) the material facts of the transaction and the director's interest are disclosed or known to the Board of Directors or a committee thereof and it authorizes, approves or ratifies the transaction, (2) the material facts of the transaction and the director's interest are disclosed or known to shareholders entitled to vote and they authorize, approve or ratify the transaction, or (3) the transaction is fair to the corporation.
- b. For purposes of Section 3.12(a) (1) above, a conflict of interest transaction may be authorized, approved or ratified if it receives the affirmative vote of a majority of directors or committee members thereof, who have no direct or indirect interest in the transaction. If such a majority of such members vote to authorize, approve or ratify the transaction, a quorum is present for the purpose of taking action.
- c. For purposes of Section 3.12(a) (2) above, a conflict of interest transaction may be authorized, approved or ratified by a majority vote of shareholders entitled to vote thereon. Shares owned by or voted under the control of a director, or an entity controlled by a director, who has a direct or indirect interest in the transaction may be counted in a vote of shareholders to determine whether to authorize, approve or ratify a conflict of interest transaction.
- d. A director has an indirect interest in a transaction if another entity in which the director has a material financial interest or in which the director is a general partner is a party to the transaction or another entity of which the director is a director, officer or trustee is a party to the transaction and the transaction is or should be considered by the Board of Directors of the corporation.

3.13 Removal. The shareholders may remove one or more directors with or without cause at a meeting called expressly for that purpose, unless the Articles of Incorporation provide for removal for cause only. A director may be removed only if the number of votes cast to remove a director exceeds the number cast not to remove the director. If a director is elected by a voting group of shareholders, only those shareholders may participate in the vote to remove the director.

3.14 Resignation. Any director may resign by delivering written notice to the Board of Directors, its chairperson or the corporation. Such resignation shall be effective: (a) on receipt, (b) five days after its deposit in the United States mails, if mailed postpaid and correctly addressed, or (c) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by addressee, unless the notice specifies a later effective date. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors.

COMMITTEES OF THE BOARD

4.1 Appointment. Unless the Articles of Incorporation provide otherwise, the Board of Directors may create one or more committees and appoint members of the Board of Directors to serve on them. Each committee shall have one or more members who serve at the pleasure of the Board of Directors. A majority of all directors in office must approve the creation of a committee and the appointment of its members. The Board of Directors shall have the power at any time to increase or decrease the number of members of any committee, to fill vacancies thereon, to change any member thereof and to change the functions or terminate the existence thereof.

4.2 Limitation on Powers of a Committee. A committee shall not have or exercise any power or authority of the Board of Directors prohibited by the Act.

4.3 Conduct of Meetings. Each committee shall conduct its meetings in accordance with the applicable provisions of these Bylaws relating to meetings and action without meetings of the Board of Directors. Each committee shall adopt any further rules regarding its conduct, keep minutes and other records and appoint subcommittees and assistants as it deems appropriate and in accordance with the Act.

4.4 Compensation. By resolution of the Board of Directors, committee members may be paid reasonable compensation for services on committees and their expenses of attending committee meetings.

ARTICLE V OFFICERS

5.1 Number. The Board of Directors shall appoint a President and a Secretary and other officers and assistant officers as may be deemed necessary or desirable, with such powers and duties as set forth in these Bylaws and as prescribed by the Board of Directors or the officer authorized by the Board of Directors to prescribe the duties of other officers. A duly appointed officer may appoint one or more officers or assistant officers and may prescribe the powers and duties of officers or assistant officers if such appointment and authority is authorized by the Board of Directors. Any two or more offices may be held by the same person.

5.2 Appointment and Term of Office. The officers of the corporation shall be appointed annually by the Board of Directors at the first meeting of the Board of Directors held after the annual meeting of the shareholders and at such other times as determined by the Board of Directors. If the appointment of officers shall not be held at such meeting, they shall be held as soon thereafter as is convenient. Each officer shall hold office until a successor shall have been duly appointed and shall have qualified or until the officer's death, resignation or removal in the manner hereinafter provided.

5.3 Qualification. No officer need be a director, shareholder or Oregon resident.

5.4 Resignation and Removal. An officer may resign at any time by delivering notice to the corporation. A resignation is effective on receipt unless the notice specifies a later effective date. If the corporation accepts a specified later effective date, the Board of Directors may fill the pending vacancy before the effective date but the successor may not take office until the effective date. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors. Any officer appointed by the Board of Directors may be removed from the officer position at any time with or without cause. Appointment of an officer shall not of itself create contract rights. Removal or resignation of an officer shall not affect the contract rights, if any, of the corporation or the officer.

5.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

5.6 Chairman of the Board. The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and shall perform such other duties as may be prescribed from time to time by the Board of Directors.

5.7 President. Unless otherwise determined by the Board of Directors, the President shall be the Chief Executive Officer of the corporation and shall be in general charge of its business and affairs, subject to the control of the Board of Directors. The President shall from time to time report to the Board of Directors all matters within the President's knowledge affecting the corporation that should be brought to the attention of the Board of Directors. The President shall have authority to vote all shares of stock in other corporations owned by the corporation and to execute proxies, waivers of notice, consents and other instruments in the name of the corporation with respect to such stock and has authority to delegate this authority to any other officer. The President shall perform such other duties as may be prescribed by the Board of Directors. The President has authority to sign stock certificates representing the shares of the corporation.

5.8 Secretary. The Secretary shall keep the minutes of all meetings of the directors and shareholders and shall have custody of the minute books and other records pertaining to the corporate business. The Secretary shall countersign all stock certificates and other instruments requiring the seal of the corporation and shall perform such other duties assigned by the Board of Directors.

5.9 Vice President. Each Vice president shall perform the duties and responsibilities prescribed by the Board of Directors or the President. The Board of Directors or the President, as Chief Executive Officer, may confer a special title upon a Vice President.

5.10 Treasurer. The Treasurer shall keep correct and complete records of accounts showing the financial condition of the corporation. The Treasurer shall be legal custodian of all moneys, notes, securities and other valuables that may come into the possession of the corporation. The Treasurer shall deposit all funds of the corporation that come into the Treasurer's hands in depositories that the Board of Directors may designate. The Treasurer shall pay the funds out only on the check of the corporation signed in the manner authorized by the Board of Directors. The Treasurer shall perform such other duties as assigned by the Board of Directors.

ARTICLE VI INDEMNIFICATION

6.1 Directors and Officers. The corporation shall indemnify to the fullest extent not prohibited by applicable law each current or former officer or director who is made, or threatened to be made, a party to an action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (including an action, suit or proceeding by or in the right of the corporation) by reason of the fact that the person is or was acting as a director, officer or agent of the corporation or as a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 with respect to any employee benefit plan of the corporation, or serves or served at the request of the corporation as a director or officer, or as a fiduciary of an employee benefit plan, of another corporation, partnership, joint venture, trust or other enterprise. The indemnification specifically provided hereby shall not be deemed exclusive of any other rights to which such person may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in the official capacity of the person indemnified and as to action in another capacity while holding such office.

6.2 Employees and Other Agents. The corporation shall have power to indemnify its employees and other agents as set forth in the Act.

6.3 No Presumption of Bad Faith. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal proceeding, that the person had reasonable cause to believe that the conduct was unlawful.

6.4 Advances of Expenses. The expenses incurred by a director or officer in any proceeding shall be paid by the corporation in advance at the written request of the director or officer, if the director or officer:

- a. furnishes the corporation a written affirmation of such person's good faith belief that such person has met the standard of conduct required by the Act and is entitled to be indemnified by the corporation; and
- b. furnishes the corporation a written undertaking to repay such advance to the extent that it is ultimately determined by a court that such person is not entitled to be indemnified by the corporation. Such advances shall be made without regard to the person's ability to repay such expenses, and without regard to the person's ultimate entitlement to indemnification under this Article VI or otherwise.

6.5 Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances under this Article VI shall be deemed to be contractual rights and to be effective to the same extent and as if provided for in a contract between the corporation and the director or officer who serves in such capacity at any time while this Article VI and relevant provisions of the Act and other applicable law, if any, are in effect. Any right to indemnification or advances granted by this Article VI to a director or officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if: (a) the claim for indemnification or advances is denied, in whole or in part, or (b) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting a claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in connection with any proceeding in advance of its final disposition when the required affirmation and undertaking have been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Act for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its shareholders) to have made a determination prior to a commencement of such action that indemnification of the claimant is proper in the circumstances because the claimant has met the applicable standard of conduct set forth in the Act, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

6.6 Non-Exclusivity of Rights. The right conferred on any person by this Article VI shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, bylaws, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in the person's official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent permitted by applicable law.

6.7 Survival of Rights. The right conferred on any person by this Article VI shall continue as to a person who has ceased to be a director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

6.8 Insurance. To the fullest extent permitted by the Act, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Article VI.

6.9 Amendments. Any repeal of or modification or amendment to this Article VI shall only be prospective and no repeal or modification hereof shall adversely affect the rights under this Article VI in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

6.10 Savings Clause. If this Article VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, the corporation shall indemnify each director and officer to the fullest extent permitted by any applicable portion of this Article VI that shall not have been invalidated, or by any other applicable law.

6.11 Certain Definitions. For the purposes of this Article VI, the following definitions shall apply:

- a. The term "proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement and appeal of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative;
- b. The term "expenses" shall be broadly construed and shall include, without limitation, expense of investigations, judicial or administrative proceedings or appeals, attorneys' fees and disbursements and any expenses of establishing a right to indemnification under Section 6.5 of this Article VI, but shall not include amounts paid in settlement by the indemnified party or the amount of judgments or fines against the indemnified party;
- c. The term "corporation" shall include, in addition to the resulting or surviving corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VI with respect to the resulting or surviving corporation as the person would have with respect to such constituent corporation if its separate existence had continued;

d. References to a "director," "officer," "employee," or "agent" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise; and

e. References to "other enterprises" shall include employee benefit plans; references to "fines" in the Act shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involved services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner the person reasonably believed to be in the interest of the participants and

beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Article VI.

ARTICLE VII ISSUANCE OF SHARES

7.1 Certificate for Shares.

- a. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed, either manually or in facsimile, by two officers of the corporation, at least one of whom shall be the Chief Executive Officer, President or a Vice President and by the Secretary or an Assistant Secretary and may be sealed with the seal of the corporation or a facsimile thereof. All certificates or shares shall be consecutively numbered or otherwise identified.
- b. Every certificate for shares of stock that are subject to any restriction on transfer pursuant to the Articles of Incorporation, the Bylaws, applicable securities laws, agreements among or between shareholders or any agreement to which the corporation is a party shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction and that the corporation retains a copy of the restriction. Every certificate issued when the corporation is authorized to issue more than one class or series of stock shall set forth on its face or back either the full text of the designations, relative rights, preferences and limitations of the shares of each class and series authorized to be issued and the authority of the Board of Directors to determine variations for future series or a statement of the existence of such designations, relative rights, preferences and limitations and a statement that the corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge.
- c. The name and mailing address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. Each shareholder shall have the duty to notify the corporation of his or her mailing address. All certificates surrendered to the corporation for transfer shall be canceled, and no new certificates shall be issued until a former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors prescribes.

7.2 Transfer of Shares. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by the holder's legal representative, who shall furnish proper evidence of authority to transfer, or by the holder's attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

7.3 Transfer Agent and Registrar. The Board of Directors may from time to time appoint one or more Transfer Agents and one or more Registrars for the shares of the corporation, with such powers and duties as the Board of Directors determines by resolution. The signature of officers upon a certificate may be facsimiles if the certificate is manually signed on behalf of a Transfer Agent or by a Registrar other than the corporation itself or an employee of the corporation.

7.4 Officer Ceasing to Act. If the person who signed a share certificate, either manually or in facsimile, no longer holds office when the certificate is issued, the certificate is nevertheless valid.

7.5 Fractional Shares. The corporation shall not issue certificates for fractional shares.

ARTICLE VIII

CONTRACTS, LOANS, CHECKS AND OTHER INSTRUMENTS

8.1 Contracts. The Board of Directors may authorize any officer or officers and agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

8.2 Loans. No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

8.3 Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money and notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers and agent or agents of the corporation and in such manner as shall from time to time be determined by the Board of Directors.

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.1 Seal. The seal of the corporation, if any, shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation and the words "Corporate Seal."

9.2 Severability. Any determination that any provision of these Bylaws is for any reason inapplicable, invalid, illegal or otherwise ineffective shall not affect or invalidate any other provision of these Bylaws.

ARTICLE X AMENDMENTS

These Bylaws may be amended or repealed and new Bylaws may be adopted by the Board of Directors or the shareholders of the corporation.

PORTLAND GENERAL ELECTRIC COMPANY
2006 ANNUAL CASH INCENTIVE MASTER PLAN

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PORTLAND GENERAL ELECTRIC COMPANY
2006 ANNUAL CASH INCENTIVE MASTER PLAN

SECTION 1

Purpose

The purpose of the Portland General Electric Company 2006 Annual Cash Incentive Master Plan is to recognize and reward employees for achieving individual, department and corporate goals and objectives.

SECTION 2

Definitions

1. "Administrator" means the Compensation Committee.
2. "Affiliate" means any entity that controls, is controlled by or is under common control with the Company; *provided, however*, that neither the Disputed Claims Reserve, the Disputed Claims Overseers, the Plan Administrator nor the Disbursing Agent, as those terms are defined in Fifth Amended Joint Plan of Affiliated Debtors In Re Enron Corp. et al., shall be an Affiliate.

3. "Annual Incentive Program" means the terms and conditions pursuant to which a Participant may receive an Award under the Plan in a particular Award Year based upon achievement of pre-established performance goals and assessment of individual contribution.
4. "Award" means a contingent right to receive cash at the end of an Award Year.
5. "Award Year" means any fiscal year of the Company for which the Company adopts an Annual Incentive Program under this Plan.
6. "Board" means the Board of Directors of the Company.
7. "CEO" means the Chief Executive Officer of the Company.
8. "Code" means the Internal Revenue Code of 1986, as amended.
9. "Company" means Portland General Electric Company.
10. "Compensation Committee" means the Compensation and Human Resources Committee of the Board.
11. "Covered Executive" means an Employee who (i) would be treated as a "covered employee" under Code section 162(m) or (ii) would be an Executive Officer.
12. "Disability" means a disability under the Company's long-term disability program, or if no such program exists, a disability as determined by the Administrator.
13. "Employee" means any employee of the Company or an Affiliate, excluding any person characterized on the Company's or an Affiliate's payroll records as a temporary or contract employee.
14. "Executive Officer" means a person, other than the CEO, whose position with the Company is at the level of vice president or above or who would otherwise be treated as an executive officer of the Company under applicable SEC reporting rules.
15. "Participant" means an Employee selected to participate in the Annual Incentive Program for an Award Year.
16. "Plan" means the Portland General Electric Company 2006 Annual Cash Incentive Master Plan as set forth herein, as amended from time to time.
17. "Retirement" means a Participant's termination of employment after meeting the requirements for retirement under the Company's qualified pension plan.

SECTION 3

Administration

1. Duties. The Administrator shall be responsible for the administration of the Plan according to the terms and provisions hereof and shall have the sole discretionary authority and all powers necessary to accomplish these purposes, including without limitation, the right, power, authority and duty to:

(a) make rules, regulations and procedures for the administration of the Plan which are not inconsistent with the terms and provisions hereof;

(b) construe and interpret all terms, provisions, conditions and limitations of the Plan; and

(c) correct any defect, supply any omission, construe any ambiguous or uncertain provisions, or reconcile any inconsistency that may appear in the Plan, in such manner and to such extent as it shall deem expedient to carry the Plan into effect.

All decisions, determinations, and interpretations of the applicable Administrator will be final and binding.

2. Liability. No Administrator, member of the Board, officer of the Company, or designee of any thereof shall be personally liable for any action, failure to act, determination, or interpretation made in good faith with respect to the Plan or any transaction under the Plan.

SECTION 4

Eligibility and Participation

1. Selection of Participants. The Administrator will select the Employees who will participate in the Annual Incentive Program for an Award Year at the beginning of each Award Year, in its discretion. To the extent the Administrator deems it appropriate during an Award Year, the Administrator may designate additional Participants to participate in the Annual Incentive Program for the Award Year. Participants must be current Employees who have a direct, significant, and measurable impact on the attainment of the Company's goals and objectives. The Administrator will notify Participants of their selection in writing. The Administrator will not be bound to select individuals who have been Participants in prior Award Years.

2. CEO Authority: The CEO may take the same actions as the Administrator under Section 4.1 with regard to Employees who are not Covered Executives.

3. Persons Ineligible. Members of the Board who are not Employees are not eligible to participate in the Plan.

4. Participation in Other Annual Incentive Plans. Participants in an Annual Incentive Program for an Award Year are not eligible to participate in any other annual incentive plan of the Company for such Award Year without the specific approval of the Administrator.

SECTION 5

Establishment and Calculation of Awards

1. Establishment of Annual Incentive Program. (a) At the beginning of an Award Year, the Administrator will establish in writing the material terms and conditions applicable to the Annual Incentive Program, including, without limitation, the relevant performance goals, Award amounts payable based on the extent to which the performance goals are met, and the potential effect of individual Participant contributions during the Award Year, for the Employees selected to participate in the Annual Incentive Program for the Award Year.

(b) For Participants who are not Covered Executives, the material terms and conditions of an Annual Incentive Program shall be proposed by the CEO but approved by the Compensation Committee.

2. Determination at Year End. Following the end of each Award Year the Administrator shall determine the extent to which performance goals were met for the Award Year for each Participant. In making such determination, the Administrator may include or exclude the impact of any nonrecurring, unusual events that occur during the Award Year including without limitation (i) asset write-downs; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws and other laws, accounting principles, or provisions affecting reported results; (iv) any reorganization or restructuring programs; (v) extraordinary, nonrecurring items as described in Accounting Principles Board Opinion No. 30 or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year; (vi) acquisitions or divestitures; and (vii) foreign exchange gains and loss es.

3. Calculating Award Amounts. The Administrator shall calculate the Award amounts payable at the end of an Award Year for each Participant based on the extent to which the relevant performance goals were achieved during the Award Year. The Administrator, in its discretion, may further adjust an Award to reflect individual Participant contributions during the Award Year. If minimum performance goals are not achieved for an Award, no payment will be made under the Award; provided, however, that the Board, in its sole discretion, may establish a separate discretionary amount distributable as Awards to Participants under the Plan which shall be allocated at the discretion of the Administrator.

4. CEO Authority: The CEO may take the same actions as the Administrator under Sections 5.2 and 5.3 with regard to Employees who are not Covered Executives.

SECTION 6

Payment of Awards Earned

1. Timing of Payment. Awards earned by each Participant shall be paid in cash as soon as administratively possible following the date the amounts are determined but in no event later than two and one-half months after the end of the Award Year (or, if later, two and one-half months after the end of the calendar year containing the end of the Award Year).

2. Set-Off. The Company shall have the right to set off against any Award payable hereunder, the amount of any loan or advance made by the Company or an Affiliate to the Participant.

SECTION 7

Termination of Employment

1. Forfeiture of Award. In the event of a Participant's termination of employment for any reason other than the Participant's death, Disability, or Retirement prior to payment being made under an Award, the Participant will forfeit all rights to any payment under the Award.

2. Death, Disability and Retirement. If a Participant's employment terminates prior to payment being made under an Award due to the Participant's death, Disability, or Retirement, the Company shall pay an Award to the Participant or the Participant's estate at such time as Awards are payable generally to other Participants, pro-rated, to the extent necessary to reflect the number of full and partial months during the Award Year which the Participant was employed by the Company.

SECTION 8

Section 162(m) Awards

1. Generally. The Administrator may determine that an Award granted to a Covered Executive will be granted in a manner such that the Award qualifies for the performance-based compensation exemption of Section 162(m) of the Code ("Performance-Based Awards"). Such Performance-Based Awards shall be based on achievement of hurdle rates and/or growth rates in one or more business criteria that apply to the individual participant, one or more business units, or the Company as a whole. In addition, Performance-Based Awards may include comparisons to the performance of other companies, such performance to be measured by one or more business criteria.

2. Business Criteria. The business criteria to be used for Performance-Based Awards shall be as follows, individually or in combination: (1) net earnings; (2) earnings per share; (3) net sales growth; (4) market share; (5) operating profit; (6) earnings before interest and taxes (EBIT); (7) earnings before interest, taxes, depreciation and amortization (EBITDA); (8) gross margin; (9) expense targets; (10) working capital targets relating to inventory and/or accounts receivable; (11) operating margin; (12) return on equity; (13) return on assets; (14) planning accuracy (as measured by comparing planned results to actual results); (15) market price per share; (16) total return to stockholders; (17) cash flow and/or cash flow return on equity; (18) recurring after-tax net income; (19) gross revenues; (20) return on invested capital; (21) safety; (22) cost management; (23) productivity ratios; (24) operating efficiency; (25) accomplishment of mergers, acquisitions, dispositions or similar extraordinary business transactions; (26) bond ratings; (27) economic value added; (28) book value per share; (29) strategic initiatives; (30) employee satisfaction; (31) cash management or asset management metrics; (32) regulatory performance; (33) dividend yield; (34) dividend payout ratio; (35) pre-tax interest coverage; (36) P/E ratio; (37) capitalization targets; (38) customer value/satisfaction; (39) inventory; (40) inventory turns; (41) availability and/or reliability of generation; (42) outage duration; (43) outage frequency; (44) trading floor earnings; (45) budget-to-actual performance; (46) customer growth; (47) funds from operations; (48) interest coverage; (49) funds from operations/average

total debt; (50) funds from operations/capital expenditures; (51) total debt/total capital; (52) electric service power quality and reliability, (53) resolution and/or settlement of litigation and other legal proceedings, (54) corporate responsibility, (55) power supply, (56) total equity/ total capital, and (57) economic strength.

3. Establishment of Performance Goals. With respect to Performance-Based Awards, the Administrator shall establish in writing (i) the applicable performance goals, and such performance goals shall state, in terms of an objective formula or standard, the method for computing the amount of an Award if such performance goals are obtained, and (ii) the individual Employees or class of Employees to which such performance goals shall apply, in each case no later than ninety (90) days after the commencement of the Award Year.

4. Certification of Performance. No Performance-Based Awards shall be payable to any Participant until the Administrator certifies in writing that the applicable performance goals (and any other material terms) have been satisfied.

5. Other Requirements. With respect to any Awards intended to qualify as Performance-Based Awards, after establishment of a performance goal, the Administrator shall not revise such performance goal or increase the amount payable thereunder upon the attainment of such performance goal (in accordance with the requirements of Section 162(m) of the Code and the regulations thereunder). Notwithstanding the preceding sentence, (i) the Administrator may adjust downward, but not upward, the amount payable pursuant to such Award upon attainment of the performance goals, (ii) the Administrator may waive the achievement of the applicable performance goals in the case of the death or Disability of the Participant, or under such other conditions where such waiver will not jeopardize the treatment of other Awards as "qualified performance-based compensation" under Section 162(m), and (iii) the Administrator shall disregard or offset the effect of any "Extraordinary Items" in determining the attainment of performance goals. For this purpose, "Extraordinary Items" means extraordinary, unusual and/or non-recurring items, including but not limited to, (i) regulatory disallowances or other adjustments, (ii) restructuring or restructuring-related charges, (iii) gains or losses on the disposition of a business or major asset, (iv) changes in regulatory, tax or accounting regulations or laws, (v) resolution and/or settlement of litigation and other legal proceedings or (vi) the effect of a merger or acquisition. Performance-Based Awards shall otherwise comply with the requirements of Section 162(m) of the Code, or any successor provision thereto, and the regulations thereunder.

6. Dollar Limit. No Performance-Based Award to a Covered Executive for an Award Year shall result in a payment in excess of \$2 million.

SECTION 9

Adjustments Upon Changes in Capitalization

1. Changes to Company. In the event of a reorganization, merger, or consolidation of which the Company is not the surviving corporation, or upon the sale of substantially all the assets of the Company to another entity, or upon the dissolution or liquidation of the Company, the Award Year will terminate on the effective date of such transaction and the Company or its successor shall determine the amount, if any, payable with respect to such Award Year, unless the documents effecting such event provide for the continuance of the Plan and the assumption of such Awards or the substitution of such Awards for awards of equivalent value under a program of the successor.

2. Changes to Subsidiary. In the event of the reorganization, merger, consolidation, or sale of substantially all of the assets of a subsidiary of the Company to another entity not related to the Company, any Award to a Participant that is an employee of such subsidiary shall be treated in the manner determined by the Board in its discretion.

3. Authority Under this Section. Adjustments under this Section 9 will be made by the Board, whose determination as to what adjustments will be made and the extent will be final, binding, and conclusive.

SECTION 10

General Provisions

1. No Right to Participate or Receive an Award. Nothing in the Plan or in any communication evidencing an Award shall be deemed to give a Participant or a Participant's legal representative or any other person or entity claiming under or through a Participant any contract or right to receive an Award or any payment under the Plan.

2. No Employment Right. The Plan does not constitute or imply the existence of an employment contract between the Company or an Affiliate and any person. Participation in the Plan shall not be construed as constituting a commitment, guarantee, agreement, or understanding of any kind that the Company or an Affiliate will continue to employ any individual.

3. Nontransferability. Neither a Participant nor any other person has any right to assign, transfer, attach, or hypothecate any benefits or payments under the Plan. Payments held by the Company before distribution shall not be liable for the debts, contracts, or obligations of any Participant or any other person, or be taken in execution by attachment or garnishment, or by any other legal or equitable proceeding.

4. Withholding. The Company has the right to deduct any sums which federal, state, or local tax law requires to be withheld with respect to the payment of any Award.

5. Plan Unfunded. To the extent that any person acquires a right to receive payment under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts. The Plan is not subject to the Employee Retirement Income Security Act of 1974, as amended from time to time.

6. Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Participant or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Administrator, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Administrator, materially altering the intent of the Plan or the Award, such

provision shall be stricken as to such jurisdiction, Participant, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

7. Choice of Law. The Plan shall be interpreted under the laws of the State of Oregon notwithstanding any conflict of law principles. Venue for all claims and actions related to or arising under the Plan shall be exclusively in the courts of the State of Oregon.

SECTION 11

Amendment, Suspension, or Termination of Plan

The Board may amend, suspend, or terminate the Plan at any time. In addition, the Board may amend, suspend, or terminate any or all unpaid Awards under the Plan upon a finding of current or threatened financial hardship for the Company, which shall be final and binding upon all Participants.

SECTION 12

Effective Date

This Plan is effective commencing with the January 1, 2006 Award Year.

Executed as of the 16th day of March 2006

PORTLAND GENERAL ELECTRIC COMPANY

By:	/s/ Arleen Barnett	
Title:	Vice President	

