

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 8-K**

CURRENT REPORT

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

Date of Report (Date of earliest event reported) July 13, 2006

**PORTLAND GENERAL ELECTRIC COMPANY**

(Exact name of registrant as specified in its charter)

<b>Oregon</b>	<b>Commission File Number</b>	<b>93-0256820</b>
(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.

### Non-Employee Director Compensation

On July 13, 2006, the Board of Directors (Board) of Portland General Electric Company (PGE, or the Company), acting upon recommendations of an outside compensation consultant retained by the Board, approved changes to the compensation arrangements for the Company's non-employee directors. The change in compensation is designed to bring the compensation of the Company's directors in line with that of comparable publicly traded electric utilities. The following chart details the compensation arrangements for the Company's non-employee directors:

Annual Cash Retainer Fee	\$30,000
Annual Cash Retainer for Chair of the Board	75,000
Annual Cash Retainer Fee for Audit Committee Chair	15,000
Annual Cash Retainer for Other Committee Chairs	7,500
Board Meeting Fees	
for attendance in person	3,000
for telephone attendance	1,000
Committee Meeting Fees	
for attendance in person	3,000
for telephone attendance	1,000
Annual Grant of Restricted Stock Units	30,000

The Annual Cash Retainers and Board and Committee Meeting Fees are paid quarterly in arrears and are effective beginning with the quarter ended September 30, 2006.

The number of Restricted Stock Units is determined by dividing \$30,000 by the closing price of the Company's common stock on the date of grant. The initial Annual Restricted Stock Grant of 1,201 units for each director was made on July 13, 2006, and will be made on or about July 1 each year thereafter. Each Restricted Stock Unit represents the right to receive one share of the Company's common stock at a future date. Provided that the director remains a non-employee member of the Board of Directors, the Restricted Stock Units will vest in equal quarterly installments on the last day of each calendar quarter and will be settled exclusively in shares of the Company's common stock. The initial vesting will be on September 30, 2006.

The non-employee directors were also granted one Dividend Equivalent Right with respect to each Restricted Stock Unit. Each Dividend Equivalent Right represents the right to receive an amount equal to dividends paid on one share of the Company's common stock having a record date between the grant date and vesting date of the related Restricted Stock Unit. The Dividend Equivalent Rights will be settled in cash on the date that the related dividends are paid to holders of the Company's common stock.

The grants were made pursuant to the terms of the Portland General Electric Company 2006 Stock Incentive Plan (Plan), a copy and summary description of which were included in a Form 8-K filing dated February 21, 2006, and are subject to the terms and conditions of the Plan and individual award agreements between the Company and each director. A form of the Restricted Stock Unit agreement for directors is attached hereto as Exhibit 10.1.

In addition, the Company will reimburse certain expenses related to service on the Board, including expenses in connection with attendance at Board and Committee meetings.

### **Performance Stock Unit and Restricted Stock Unit Grants**

On July 13, 2006, the Compensation and Human Resources Committee (Committee) of the Board approved the grant of Restricted Stock Units and/or Performance Stock Units to officers and certain key employees of PGE. Each Restricted Stock Unit and Performance Stock Unit represents the right to receive one share of the Company's common stock at a future date, subject to applicable vesting requirements. The grants were made pursuant to the terms of the Plan and are subject to the terms and conditions of the Plan and individual award agreements between the Company and each grantee.

Key provisions of the grants made to the Company's "named executive officers" (as defined in Item 402(a)(3) of Regulation S-K) are summarized below.

### **Performance Stock Unit Grants**

The following Performance Stock Units were granted to the Company's named executive officers.

<u>Name</u>	<u>Title</u>	<u>Number of Performance Stock Units Granted</u>
Peggy Y. Fowler	Chief Executive Officer and President	24,439
James J. Piro	Executive Vice President, Finance Chief Financial Officer and Treasurer	6,410
Douglas R. Nichols	Vice President, General Counsel and Secretary	5,528
Stephen M. Quennoz	Vice President, Nuclear and Power Supply/ Generation	3,685
Stephen R. Hawke	Vice President, Customer Service and Delivery	3,685

Performance Stock Units will vest if performance goals related to overall customer satisfaction, electric service power quality and reliability, generating plant availability, and net income (compared to budget) have been met upon the conclusion of a three-year performance period (Performance Period). The number of Performance Stock Units that vest will be calculated by multiplying the number of Performance Stock Units granted by a Performance Percentage determined by the Committee. The Performance Percentage will be calculated based on whether and to what extent the performance goals have been met. The Performance Percentage will be zero if the Company's net income over the Performance Period is less than a specified percentage of budgeted net income, or if none of the performance goals are achieved at specified threshold levels. Upon vesting, the Performance Stock Units will be settled exclusively in shares of PGE common stock. The number of shares paid will range from 0% to 150% of the grant. In the event of death, disability or retirement prior to the end of the Performance Period, a pro rata number of Performance Stock Units may vest and shares paid if the performance goals are met upon conclusion of the Performance Period.

The named executive officers also received one Dividend Equivalent Right for each Performance Stock Unit. Each Dividend Equivalent Right represents the right to receive an amount equal to any dividends paid on a share of the Company's common stock between the grant date and the end of the Performance Period. The Dividend Equivalent Rights will vest on the same basis and at the same time as the Performance Stock Units and will settle exclusively in shares of the Company's common stock. The number of shares will be calculated using the fair market value of the Company's common stock as of the date the Committee determines the Performance Percentage.

A form of the Performance Stock Unit agreement is attached hereto as Exhibit 10.2.

#### **Restricted Stock Unit Grants**

The following Restricted Stock Units were granted to the Company's named executive officers.

<u>Name</u>	<u>Title</u>	<u>Number of Restricted Stock Units Granted</u>
Peggy Y. Fowler	Chief Executive Officer and President	12,219
James J. Piro	Executive Vice President, Finance Chief Financial Officer and Treasurer	3,205
Douglas R. Nichols	Vice President, General Counsel and Secretary	2,764

Stephen Quennoz	M. Vice President, Nuclear and Power Supply/ Generation	1,842
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Stephen R. Hawke	Vice President, Customer Service and Delivery	1,842
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If the service requirements are met, one-third of the Restricted Stock Unit grants will vest on each of the first three anniversaries of the grant date (Vesting Date), beginning on the first anniversary of the grant. The Restricted Stock Units will be settled exclusively in shares of the Company's common stock.

The named executive officers were also granted one Dividend Equivalent Right for each Restricted Stock Unit granted, entitling the grantee to receive an amount equal to dividends paid on a share of the Company's common stock between the grant and the Vesting Date. The Dividend Equivalent Rights will vest and be settled exclusively in shares of PGE common stock valued as of the closing price on the Vesting Date, except that if a Vesting Date falls between a dividend record date and the related dividend payment date, the Dividend Equivalent Rights will vest on the dividend payment date.

A form of the Restricted Stock Unit agreement is attached hereto as Exhibit 10.3.

## Section 9 - Financial Statements and Exhibits

### Item 9.01 Financial Statements and Exhibits.

c. Exhibits

#### Exhibit Description

#### 10. Material Contracts

1. Form of Directors' Restricted Stock Unit Agreement
2. Form of Officers' Performance Stock Unit Agreement
3. Form of Officers' Restricted Stock Unit Agreement

## 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)

July 14, 2006	By:	/s/ James J. Piro
		James J. Piro Executive Vice President, Finance Chief Financial Officer and Treasurer

July 14, 2006	By:	/s/ Kirk M. Stevens
		Kirk M. Stevens Controller and Assistant Treasurer

# **DIRECTORS' RESTRICTED STOCK UNIT AGREEMENT**

## **1. Award of Restricted Stock Units**

(a) Portland General Electric Company (the "**Company**") hereby grants [\_\_\_\_\_] restricted stock units (the "**Restricted Stock Units**") to [\_\_\_\_\_] (the "**Grantee**"). A Restricted Stock Unit represents the right to receive a share of the Company's common stock (a "**Share**") at a future date in accordance with the terms of this Agreement.

(b) The grant is effective as of [\_\_\_\_\_] , 2006 (the "**Grant Date**").

(c) The grant is made under the Portland General Electric Company 2006 Stock Incentive Plan (the "**Plan**"), and is subject to the terms and conditions of the Plan and this agreement (the "**Agreement**").

(d) Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

## **2. Vesting**

Provided that the Grantee remains a director of the Company, except as provided in Section 4 below, the Restricted Stock Units shall vest in equal quarterly installments on \_\_\_\_\_, 2\_\_\_\_, \_\_\_\_\_, 2\_\_\_\_, \_\_\_\_\_, 2\_\_\_\_, and \_\_\_\_\_, 2\_\_\_\_.

## **3. Settlement in Shares**

As soon as practicable after a Restricted Stock Unit vests, the Company shall settle the Restricted Stock Unit by issuing a Share to the Grantee, but in no event later than the March 15<sup>th</sup> following the year in which the Restricted Stock Unit vests. Upon such settlement, the Grantee shall have no further rights under the Restricted Stock Unit.

## **4. Termination of Service**

If the Grantee's service as a director of the Company terminates (a "**Termination**") due to death or disability before all the Restricted Stock Units have vested, the Restricted Stock Units that would have vested upon the next quarterly vesting date shall vest. The Grantee will forfeit any remaining unvested Restricted Stock Units. For purposes of this Section 4, disability shall be determined by the Committee in its sole discretion in accordance with the disability standard under the long-term disability program of the Company.

If the Grantee experiences a Termination for any other reason, the Grantee will forfeit any unvested Restricted Stock Units.

The Committee shall determine the date of any Termination.

## **5. Non-Transferability of Award**

The Grantee may not transfer any portion of this award except by will or the laws of descent and distribution. The transferability of the Shares issued in settlement of the Restricted Stock Units may also be limited in accordance with any legend on the certificate(s) representing such Shares that restricts the transferability of the Shares.

## **6. Shareholder Rights**

The Grantee will not have any shareholder rights with respect to the Restricted Stock Units, including the right to vote or receive dividends, until Shares are issued to the Grantee in settlement of the Restricted Stock Units.

## **7. Dividend Equivalent Rights**

The Grantee shall be entitled to one Dividend Equivalent Right for each Restricted Stock Unit granted hereunder. A Dividend Equivalent Right entitles the Grantee to receive an amount equal to any dividends paid on a Share, which dividends have a record date between the Grant Date and the vesting date for the related Restricted Stock Unit. Dividend Equivalent Rights shall be distributed in cash to the Grantee on the date that the related dividend is paid to holders of Shares.

## **8. Amendments**

The Committee may from time to time amend the terms of this Agreement to the extent it deems appropriate to carry out the terms and provisions of the Plan. Notwithstanding the foregoing, any amendment materially adverse to the economic interests of the Grantee shall be effective only if consented to by the Grantee in writing.

## **9. Withholding**

In the event that the Company is responsible for tax withholding on distributions to the Grantee, the provisions of this Section 9 shall apply. The Company's obligation to deliver the certificate(s) representing Shares issued to settle Restricted Stock Units shall be subject to the satisfaction of applicable tax withholding requirements, including federal, state and local requirements. Unless, prior to the vesting date for the related Restricted Stock Units, the Grantee notifies the Company of the Grantee's intention to remit sufficient funds to the Company to satisfy all applicable withholding requirements prior to the date the Shares are to be delivered to the Grantee, then, subject to applicable law, the Company shall withhold Shares otherwise deliverable to the Grantee with a Fair Market Value equal to the required withholding; provided, however, that if the amount required to be withheld is not equal to the Fair Market Value of a whole number of Shares, the Company shall withhold from other sums due the Grantee in lieu of withholding a fractional Share.

## **10. Incorporation of Plan Terms**

The terms and conditions of the Plan are incorporated into and made a part of this Agreement. In the event of any difference between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control.

## **11. Interpretation of Agreement and Plan**

The Committee shall have sole power to interpret and construe any provisions of this Agreement or the Plan. Any such interpretation or construction made by the Committee shall be final and conclusive.

## **12. Grant Not to Affect Service**

The Restricted Stock Units granted hereunder and Shares issued in settlement of the Restricted Stock Units shall not confer upon the Grantee any right to continue as a director of the Company.

## **13. Severability**

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. Unless such an invalid or unenforceable provision can be appropriately reformed or modified, this Agreement shall be construed as if such provision were omitted.

## **14. Miscellaneous**

The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

## **15. Securities Laws**

The Committee may from time to time impose any conditions on the Restricted Stock Units or Shares issued in settlement of the Restricted Stock Units as it deems necessary or advisable to ensure that all rights granted under the Plan satisfy the requirements of applicable securities laws.

## **16. Notices**

All notices or other communications given hereunder shall be in writing, and any notices or other communications required to be given hereunder shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by hand delivery, or expedited delivery service, delivery charges prepaid and with acknowledged receipt of

delivery. A notice or other communication shall be deemed given on the date of acceptance or refusal of acceptance shown on such receipt, and shall be addressed, as the case may be to the Grantee and to the Company at the following applicable address:

(A) If to the Grantee, to the most recent address for Grantee that the Company or its subsidiaries have in their records.

(B) If to the Company, to:

Portland General Electric Company

121 SW Salmon Street  
Portland, OR 97204

Attention: [\_\_\_\_\_]

Any party may, by notice given in compliance with this Section, change its address for all subsequent notices. Notice by either party shall be deemed sufficient if signed by such party's counsel and also, in the case of the Company, by any of the Company's officers, if otherwise given in compliance with this Section.

### **17. Entire Agreement**

This Agreement (which incorporates the terms and conditions of the Plan) constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement supersedes all prior discussions, negotiations, understandings, commitments and agreements with respect to such matters.

### **18. Governing Law and Jurisdiction**

This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. With respect to any suit, action or proceedings relating to this Agreement (the "Proceedings"), each party irrevocably submits to the exclusive jurisdiction of the courts of the State of Oregon and the United States District Court located in Multnomah County, Oregon, and irrevocably waives any objection that it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have jurisdiction over such party. Nothing in this Agreement precludes either party from enforcing in any jurisdiction any judgment, order or award obtained in any such court.

### **19. Grantee Acknowledgement**

Grantee acknowledges that he/she had sufficient time to consider this Agreement and to seek legal consultation, and has fully read and understands this Agreement.

**[NAME OF GRANTEE]**

Dated: \_\_\_\_\_

**PORTLAND GENERAL ELECTRIC  
COMPANY**

Dated: \_\_\_\_\_ By: \_\_\_\_\_

# **OFFICERS' PERFORMANCE STOCK UNIT AGREEMENT**

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## **1. Award of Performance Stock Units**

(a) Portland General Electric Company (the "**Company**") hereby grants [\_\_\_\_\_] performance stock units ("**Performance Stock Units**") to [\_\_\_\_\_] (the "**Grantee**") in accordance with the terms of this agreement (the "**Agreement**").

(b) A Performance Stock Unit represents the right to receive a share of the Company's common stock ("**Share**") at a future date and time, subject to the vesting provisions provided herein.

(c) The grant is effective as of [\_\_\_\_\_] , 2006 (the "**Grant Date**").

(d) The three-year performance period applicable to this grant is [\_\_\_\_\_] , 200[ ] to [\_\_\_\_\_] , 200[ ] (the "**Performance Period**").

(e) The grant is made under the Portland General Electric Company 2006 Stock Incentive Plan (the "**Plan**"), and is subject to the terms and conditions of the Plan and this Agreement.

(f) Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

## **2. Performance Based Vesting**

At the conclusion of the Performance Period, the Committee shall determine the number of Performance Stock Units that shall vest by multiplying the Performance Percentage (determined in accordance with the schedule attached as Appendix A) by the number of Performance Stock Units.

## **3. Settlement in Shares**

The Company shall settle each vested Performance Stock Unit by issuing a Share to the Grantee. Vested Performance Stock Units will be settled as soon as possible following the conclusion of the Performance Period, but in no event later than the March 15<sup>th</sup> following the conclusion of the Performance Period.

## **4. Dividend Equivalent Rights**

At the end of the Performance Period, the Grantee shall be entitled to a Dividend Equivalent Right for each vested Performance Stock Unit. A Dividend Equivalent Right entitles the Grantee to receive an amount equal to any dividends paid on a Share, which dividends have a record date between the Grant Date and the end of the Performance Period. At the same time that vested Performance Stock Units are settled, the Company shall settle each Dividend Equivalent Right by issuing Shares to the Grantee. The number of Shares payable to the Grantee with respect to the Dividend Equivalent Rights shall be determined by dividing the amount payable under the Dividend Equivalent Rights by the Fair Market Value of a Share as of the date the Committee determines the number of vested Performance Stock Units, and rounding to the nearest whole number of Shares.

## **5. Shareholder Rights**

The Grantee will not have any shareholder rights with respect to the Performance Stock Units or Dividend Equivalent Rights, including the right to vote or receive dividends, until Shares are issued to the Grantee in settlement of the vested Performance Stock Units and Dividend Equivalent Rights.

## **6. Termination of Employment**

If the Grantee's employment and service with the Company and its subsidiaries or Affiliates is terminated (a "**Termination**") due to death, disability (as determined under the long-term disability program of the Company or its subsidiary or Affiliate covering the Grantee) or retirement (as determined under the Company's qualified defined benefit pension plan) before the end of the Performance Period, a percentage of the Performance Stock Units may vest at the end of the Performance Period. The number of Performance Stock Units that vest, if any, shall be determined by multiplying (a) the Performance Percentage (determined in accordance with the schedule attached as Appendix A) by (b) the number of Performance Stock Units by (c) the percentage of the Performance Period that the Grantee was actively employed. The Grantee will forfeit any remaining Performance Stock Units.

If the Grantee experiences a Termination for any other reason, the Grantee will forfeit any unvested Performance Stock Units.

The Committee shall determine the date of any Termination.

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## **7. Non-Transferability of Award**

The Grantee may not transfer any portion of this award except by will or the laws of descent and distribution. The transferability of the Shares issued in settlement of the Performance Stock Units and Dividend Equivalent Rights may also be limited in accordance with any legend on the certificate(s) representing such Shares that restricts the transferability of the Shares.

## **8. Withholding**

The Company's obligation to deliver certificate(s) representing Shares issued to settle vested Performance Stock Units and Dividend Equivalent Rights shall be subject to the satisfaction of applicable tax withholding requirements, including federal, state and local requirements. Unless, prior to the end of the Performance Period, the Grantee notifies the Company of the Grantee's intention to remit sufficient funds to the Company or the Grantee's employer to satisfy all applicable withholding requirements prior to the date Shares are to be delivered to the Grantee, then, subject to applicable law, the Company or the Grantee's employer shall withhold Shares otherwise deliverable to the Grantee with a Fair Market Value equal to the required withholding; provided, however, that if the amount required to be withheld is not equal to the Fair Market Value of a whole number of Shares, the Company shall withhold from other sums due the Grantee in lieu of withholding a fractional Share.

## **9. Amendments**

The Committee may from time to time amend the terms of this Agreement to the extent it deems appropriate to carry out the terms and provisions of the Plan. Notwithstanding the foregoing, any amendment materially adverse to the economic interests of the Grantee shall be effective only if consented to by the Grantee in writing.

## **10. Incorporation of Plan Terms**

The terms and conditions of the Plan are incorporated into and made a part of this Agreement. In the event of any difference between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control.

## **11. Interpretation of Agreement and Plan**

The Committee shall have sole power to interpret and construe any provisions of this Agreement or the Plan. Any such interpretation or construction made by the Committee shall be final and conclusive.

## **12. Grant Not to Affect Employment**

The Performance Stock Units and Dividend Equivalent Rights granted hereunder and Shares issued in settlement of the Performance Stock Units and Dividend Equivalent Rights shall not confer upon the Grantee any right to continue in the employment of the Company or its subsidiaries or Affiliates.

## **13. Severability**

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. Unless such an invalid or unenforceable provision can be appropriately reformed or modified, this Agreement shall be construed as if such provision were omitted.

#### **14. Miscellaneous**

The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

#### **15. Securities Laws**

The Committee may from time to time impose any conditions on the Performance Stock Units, Dividend Equivalent Rights or Shares issued in settlement of the Performance Stock Units or Dividend Equivalent Rights as it deems necessary or advisable to ensure that all rights granted under the Plan satisfy the requirements of applicable securities laws.

#### **16. Notices**

All notices or other communications given hereunder shall be in writing, and any notices or other communications required to be given hereunder shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by hand delivery, or expedited delivery service, delivery charges prepaid and with acknowledged receipt of delivery. A notice or other communication shall be deemed given on the date of acceptance or refusal of acceptance shown on such receipt, and shall be addressed, as the case may be to the Grantee and to the Company at the following applicable address:

(A) If to the Grantee, to the most recent address for Grantee that the Company or its subsidiaries have in their records.

(B) If to the Company, to:

Portland General Electric Company

121 SW Salmon Street  
Portland, OR 97204

Attention: [\_\_\_\_\_]

Any party may, by notice given in compliance with this Section, change its address for all subsequent notices. Notice by either party shall be deemed sufficient if signed by such party's counsel and also, in the case of the Company, by any of the Company's officers, if otherwise given in compliance with this Section.

#### **17. Entire Agreement**

This Agreement (which incorporates the terms and conditions of the Plan) constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement supersedes all prior discussions, negotiations, understandings, commitments and agreements with respect to such matters.

#### **18. Governing Law and Jurisdiction**

This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. With respect to any suit, action or proceedings relating to this Agreement (the "Proceedings"), each party irrevocably submits to the exclusive jurisdiction of the courts of the State of Oregon and the United States District Court located in Multnomah County, Oregon, and irrevocably waives any objection that it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have jurisdiction over such party. Nothing in this Agreement precludes either party from enforcing in any jurisdiction any judgment, order or award obtained in any such court.

#### **19. Grantee Acknowledgement**

Grantee acknowledges that he/she had sufficient time to consider this Agreement and to seek legal consultation, and has fully read and understands this Agreement.

**[NAME OF GRANTEE]**

Dated: \_\_\_\_\_

**PORTLAND GENERAL  
ELECTRIC COMPANY**

Dated: \_\_\_\_\_ By: \_\_\_\_\_

**Appendix A**

# **OFFICERS' RESTRICTED STOCK UNIT AGREEMENT**

## **1. Award of Restricted Stock Units**

(a) Portland General Electric Company (the "**Company**") hereby grants [\_\_\_\_\_] restricted stock units (the "**Restricted Stock Units**") to [\_\_\_\_\_] (the "**Grantee**"). A Restricted Stock Unit represents the right to receive a share of the Company's common stock (a "**Share**") at a future date in accordance with the terms of this Agreement.

(b) The grant is effective as of [\_\_\_\_\_] , 2006 (the "**Grant Date**").

(c) The grant is made under the Portland General Electric Company 2006 Stock Incentive Plan (the "**Plan**"), and is subject to the terms and conditions of the Plan and this agreement (the "**Agreement**").

(d) Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

## **2. Vesting**

Provided that the Grantee remains in the employment or in the service of the Company or its subsidiaries or Affiliates, except as provided in Section 4 below, the Grantee shall become vested in one third of the Restricted Stock Units on the first anniversary of the Grant Date, an additional one third of the Restricted Stock Units on the second anniversary of the Grant Date, and the balance of the Restricted Stock Units on the third anniversary of the Grant Date.

## **3. Settlement in Shares**

As soon as practicable after a Restricted Stock Unit vests, the Company shall settle the Restricted Stock Unit by issuing a Share to the Grantee, but in no event later than the March 15<sup>th</sup> following the year in which the Restricted Stock Unit vests. Upon such settlement, the Grantee shall have no further rights under the Restricted Stock Unit.

## **4. Termination of Employment**

If the Grantee's employment and service with the Company and its subsidiaries or Affiliates is terminated (a "**Termination**") due to death or disability (as determined under the long-term disability program of the Company or its subsidiary or Affiliate covering the Grantee) before all the Restricted Stock Units have vested, the Grantee shall forfeit a number of the unvested Restricted Stock Units determined by multiplying (a) the number of Restricted Stock Units originally granted hereunder by (b) the percentage of the 3-year vesting period remaining, and rounding to the nearest whole number. Any remaining unvested Restricted Stock Units shall automatically vest.

If the Grantee experiences a Termination for any other reason, the Grantee will forfeit any unvested Restricted Stock Units.

The Committee shall determine the date of any Termination.

## **5. Non-Transferability of Award**

The Grantee may not transfer any portion of this award except by will or the laws of descent and distribution. The transferability of the Shares issued in settlement of the Restricted Stock Units may also be limited in accordance with any legend on the certificate(s) representing such Shares that restricts the transferability of the Shares.

## **6. Shareholder Rights**

The Grantee will not have any shareholder rights with respect to the Restricted Stock Units, including the right to vote or receive dividends, until Shares are issued to the Grantee in settlement of the Restricted Stock Units.

## **7. Dividend Equivalent Rights**

The Grantee shall be entitled to one Dividend Equivalent Right for each Restricted Stock Unit granted hereunder. A Dividend Equivalent Right entitles the Grantee to receive an amount equal to any dividends paid on a Share, which dividends have a record date between the Grant Date and the vesting date for the related Restricted Stock Unit. The amount payable with respect to a dividend under a Dividend Equivalent Right shall be paid in a number of Shares determined by using the Fair Market Value of Shares as of the date such dividend is paid to holders of Shares. A Dividend Equivalent Right shall vest and become payable on the same terms as the related Restricted Stock Unit, except that in the event the related Restricted Stock Unit vesting date falls between a dividend record date and the related dividend payment date, the Dividend Equivalent Right shall vest on the dividend payment date rather than the Restricted Stock Unit vesting date. Notwithstanding the foregoing, the number of Shares to be issued to the Grantee with respect to Dividend Equivalent Rights that vest on a given vesting date shall be determined by rounding to the nearest whole number.

## **8. Withholding**

The Company's obligation to deliver the certificate(s) representing Shares issued to settle Restricted Stock Units and Dividend Equivalent Rights shall be subject to the satisfaction of applicable tax withholding requirements, including federal, state and local requirements. Unless, prior to the vesting date for the related Restricted Stock Units, the Grantee notifies the Company in writing of the Grantee's intention to remit sufficient funds to the Company or Grantee's employer to satisfy all applicable withholding requirements prior to the date Shares are to be delivered to the Grantee, then, subject to applicable law, the Company or Grantee's employer shall withhold Shares otherwise deliverable to the Grantee with a Fair Market Value equal to the required withholding; provided, however, that if the amount required to be withheld is not equal to the Fair Market Value of a whole number of Shares, the Company shall withhold from other sums due the Grantee in lieu of withholding a fractional Share.

## **9. Amendments**

The Committee may from time to time amend the terms of this Agreement to the extent it deems appropriate to carry out the terms and provisions of the Plan. Notwithstanding the foregoing, any amendment materially adverse to the economic interests of the Grantee shall be effective only if consented to by the Grantee in writing.

## **10. Incorporation of Plan Terms**

The terms and conditions of the Plan are incorporated into and made a part of this Agreement. In the event of any difference between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control.

## **11. Interpretation of Agreement and Plan**

The Committee shall have sole power to interpret and construe any provisions of this Agreement or the Plan. Any such interpretation or construction made by the Committee shall be final and conclusive.

## **12. Grant Not to Affect Employment**

The Restricted Stock Units granted hereunder and Shares issued in settlement of the Restricted Stock Units or the Dividend Equivalent Rights shall not confer upon the Grantee any right to continue in the employment of the Company or its subsidiaries or Affiliates.

## **13. Severability**

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. Unless such an invalid or unenforceable provision can be appropriately reformed or modified, this Agreement shall be construed as if such provision were omitted.

## **14. Miscellaneous**

The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

## **15. Securities Laws**

The Committee may from time to time impose any conditions on the Restricted Stock Units, Dividend Equivalent Rights or Shares issued in settlement of the Restricted Stock Units or Dividend Equivalent Rights as it deems necessary or advisable to ensure that all rights granted under the Plan satisfy the requirements of applicable securities laws.

## **16. Notices**

All notices or other communications given hereunder shall be in writing, and any notices or other communications required to be given hereunder shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by hand delivery, or expedited delivery service, delivery charges prepaid and with acknowledged receipt of delivery. A notice or other communication shall be deemed given on the date of acceptance or refusal of acceptance shown on such receipt, and shall be addressed, as the case may be to the Grantee and to the Company at the following applicable address:

(A) If to the Grantee, to the most recent address for Grantee that the Company or its subsidiaries have in their records.

(B) If to the Company, to:

Portland General Electric Company

121 SW Salmon Street  
Portland, OR 97204

Attention: [\_\_\_\_\_]

Any party may, by notice given in compliance with this Section, change its address for all subsequent notices. Notice by either party shall be deemed sufficient if signed by such party's counsel and also, in the case of the Company, by any of the Company's officers, if otherwise given in compliance with this Section.

## **17. Entire Agreement**

This Agreement (which incorporates the terms and conditions of the Plan) constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement supersedes all prior discussions, negotiations, understandings, commitments and agreements with respect to such matters.

## **18. Governing Law and Jurisdiction**

This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. With respect to any suit, action or proceedings relating to this Agreement (the "Proceedings"), each party irrevocably submits to the exclusive jurisdiction of the courts of the State of Oregon and the United States District Court located in Multnomah County, Oregon, and irrevocably waives any objection that it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have jurisdiction over such party. Nothing in this Agreement precludes either party from enforcing in any jurisdiction any judgment, order or award obtained in any such court.

## **19. Grantee Acknowledgement**

Grantee acknowledges that he/she had sufficient time to consider this Agreement and to seek legal consultation, and has fully read and understands this Agreement.

**[NAME OF GRANTEE]**

Dated: \_\_\_\_\_

**PORTLAND GENERAL  
ELECTRIC COMPANY**

Dated: \_\_\_\_\_ By: \_\_\_\_\_