UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2003

OR

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

For the Transition period from _____v_____ to _____

Commission File Number 1-5532-99

PORTLAND GENERAL ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

Oregon	**93-0256820**
(State or other jurisdiction of incorporation or organization)	(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**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __X__ No ____.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ___ No __X__

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of April 30, 2003: 42,758,877 shares of Common Stock, $3.75 par value. (All shares are owned by Enron Corp.)

Table of Contents

Definitions

BPA	Bonneville Power Administration
Bankruptcy Court	United States Bankruptcy Court For The Southern District of New York
COBRA	Consolidated Omnibus Budget Reconciliation Act
CUB	Citizens' Utility Board
DEQ	Oregon Department of Environmental Quality
Enron	Enron Corp., as Debtor and Debtor in Possession in Chapter 11, Case No. 01-16034 pending in the US Bankruptcy Court For The Southern District of New York
EPA	Environmental Protection Agency
ERISA	Employee Retirement Income Security Act
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
IRS	Internal Revenue Service
kWh	Kilowatt-Hour
Mill	One tenth of one cent
MWh	Megawatt-hour
NW Natural	Northwest Natural Gas Company
NYMEX	New York Mercantile Exchange
OPUC	Public Utility Commission of Oregon
PBGC	Pension Benefit Guaranty Corporation
PGC	Portland General Corporation
PGE or the Company	Portland General Electric Company
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards issued by the Financial Accounting Standards Board
Trojan	Trojan Nuclear Plant
Unsecured Creditors' Committee	Enron Unsecured Creditors' Committee
URP	Utility Reform Project
VEBA	Voluntary Employee Beneficiary Association
WECC	Western Electricity Coordinating Council

PART I

Financial Information

Item 1. Financial Statements

Portland General Electric Company and Subsidiaries

Consolidated Statements of Income

(Unaudited)

	Three Months Ended March 31,		
	2003		**2002**
	(In Millions)		
Operating Revenues	$ 471		$ 464
Operating Expenses			
Purchased power and fuel	284		257
Production and distribution	28		28
Administrative and other	36		38
Depreciation and amortization	55		42
Taxes other than income taxes	19		20
Income taxes	15		28
	437		413
Net Operating Income	34		51
Other Income (Deductions)			
Miscellaneous	3		2
Income taxes	1		1
	4		3
Interest Charges			
Interest on long-term debt and other	19		17
Interest on short-term borrowings	-		1
	19		18
Net Income before cumulative effect of a change in accounting principle	19		36
Cumulative effect of a change in accounting principle,			
net of related taxes of $(1)	2		-
Net Income	21		36
Preferred Dividend Requirement	1		1
Income Available for Common Stock	$ 20		$ 35

Portland General Electric Company and Subsidiaries

Consolidated Statements of Retained Earnings

(Unaudited)

	Three Months Ended March 31,		
	2003		**2002**
	(In Millions)		
Balance at Beginning of Period	$ 488		$ 451
Net Income	21		36
	509		487
Dividends Declared			
Preferred stock	1		1

1		1
Balance at End of Period	$ 508		$ 486
The accompanying notes are an integral part of these consolidated financial statements.			

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Portland General Electric Company and Subsidiaries

Consolidated Statements of Comprehensive Income

(Unaudited)

	Three Months Ended		
	March 31,		
	2003		**2002**
	(In Millions)		
Accumulated other comprehensive income (loss) - Beginning of Period			
Unrealized gain (loss) on derivatives classified as cash flow hedges	$ 3		$ -
Minimum pension liability adjustment	(3)		(2)
Total	$ -		$ (2)
Net Income	$ 21		$ 36
Other comprehensive income, net of tax:			
Unrealized gains (losses) on derivatives classified as cash flow hedges:			
Other unrealized holding net gains arising during the period,			
net of related taxes of $(2) and $(3)	3		4
Reclassification adjustment for contract settlements included in			
net income, net of related taxes of $1	(2)		-
Reclassification adjustment in net income due to discontinuance			
of cash flow hedges, net of related taxes of $2	(4)		1
Reclassification of unrealized gains (losses) to SFAS No. 71			
regulatory (liability) asset, net of related taxes of $4	-		(5)
Total - Unrealized gains (losses) on derivatives classified as cash flow hedges	(3)		-
Minimum pension liability adjustment	-		-

Total Other comprehensive income (loss)	(3)	-
Comprehensive income	$ 18	$ 36
Accumulated other comprehensive income (loss) - End of Period		
Unrealized gain (loss) on derivatives classified as cash flow hedges	$ -	$ -
Minimum pension liability adjustment	(3)	(2)
Total	$ (3)	$ (2)

The accompanying notes are an integral part of these consolidated financial statements.

Portland General Electric Company and Subsidiaries

Consolidated Balance Sheets

(Unaudited)

	March 31, 2003	December 31, 2002
	(In Millions)	
Assets		
Electric Utility Plant - Original Cost		
Utility plant (includes construction work in progress of $82 and $81)	$ 3,740	$ 3,706
Accumulated depreciation	(1,782)	(1,768)
	1,958	1,938
Other Property and Investments		
Receivable from parent (less allowance for uncollectible accounts of $82 and $81)	-	-
Nuclear decommissioning trust, at market value	27	31
Non-qualified benefit plan trust	65	68
Note receivable - Pelton Round Butte project sale	19	20
Miscellaneous	31	28
	142	147
Current Assets		
Cash and cash equivalents	52	51
Accounts and notes receivable (less allowance for uncollectible accounts of $41 and $28)	213	241
Unbilled and accrued revenues	63	84
Assets from price risk management activities	89	77
Inventories, at average cost	41	45
Prepayments and other	105	90
Deferred income taxes	-	3
	563	591
Deferred Charges		
Unamortized regulatory assets	411	544
Miscellaneous	28	30
	439	574
	$ 3,102	$ 3,250
Capitalization and Liabilities		
Capitalization		
Common stock equity		
Common stock, $3.75 par value per share, 100,000,000		
shares authorized; 42,758,877 shares outstanding	$ 160	$ 160
Other paid-in capital - net	481	481

Retained earnings	508		488
Accumulated other comprehensive income (loss):			
Unrealized gain (loss) on derivatives classified as cash flow hedges	-		3
Minimum pension liability adjustment	(3)		(3)
Cumulative preferred stock subject to mandatory redemption	27		27
Limited voting junior preferred stock	-		-
Long-term obligations	824		827
	1,997		1,983
Commitments and Contingencies (Notes 3-7)			
Current Liabilities			
Long-term debt due within one year	153		191
Preferred stock maturing within one year	1		1
Accounts payable and other accruals	194		244
Liabilities from price risk management activities	72		80
Customer deposits	5		5
Accrued interest	17		15
Dividends payable	1		1
Accrued taxes	50		22
Deferred income taxes	4		-
	497		559
Other			
Deferred income taxes	365		383
Deferred investment tax credits	19		20
Trojan asset retirement obligation and transition costs	83		186
Accumulated asset retirement obligation	16		-
Unamortized regulatory liabilities	17		16
Non-qualified benefit plan liabilities	63		62
Miscellaneous	45		41
	608		708
	$ 3,102		$ 3,250

The accompanying notes are an integral part of these consolidated financial statements.

Portland General Electric Company and Subsidiaries

Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended		
	March 31,		
	2003		**2002**
	(In Millions)		
Cash Flows From Operating Activities:			
Reconciliation of net income to net cash provided by (used in) operating activities			
Net income	$ 21		$ 36
Non-cash items included in net income:			
Cumulative effect of a change in accounting principle, net of tax	(2)		-
Depreciation and amortization	55		42
Deferred income taxes	(8)		33
Net assets from price risk management activities	(23)		2
Power cost adjustment	11		(28)
Other non-cash income and expenses (net)	19		(28)

Changes in working capital:			
Net margin deposit activity	-		49
(Increase) Decrease in receivables	36		27
Increase (Decrease) in payables	(22)		(42)
Other working capital items - net	(9)		(15)
Other - net	3		-
Net Cash Provided by Operating Activities	81		76
Cash Flows From Investing Activities:			
Capital expenditures	(34)		(30)
Other - net	(4)		17
Net Cash Used in Investing Activities	(38)		(13)
Cash Flows From Financing Activities:			
Net decrease in short-term borrowings	-		(5)
Repayment of long-term debt	(41)		(17)
Dividends paid	(1)		(1)
Net Cash Used in Financing Activities	(42)		(23)
Increase in Cash and Cash Equivalents	1		40
Cash and Cash Equivalents, Beginning of Period	51		8
Cash and Cash Equivalents, End of Period	$ 52		$ 48
Supplemental disclosures of cash flow information			
Cash paid during the period:			
Interest, net of amounts capitalized	$ 16		$ 15
Income taxes	-		-
The accompanying notes are an integral part of these consolidated financial statements.			

Notes to Consolidated Financial Statements (Unaudited)

Note 1 - Principles of Interim Statements

The interim financial statements have been prepared by PGE and, in the opinion of management, reflect all material adjustments which are necessary for a fair statement of results for the interim periods presented. Such statements, which are unaudited, are presented in accordance with the SEC's interim reporting requirements, which do not include all the disclosures required by accounting principles generally accepted in the United States of America for annual financial statements. Certain information and footnote disclosures made in the last annual report on Form 10-K have been condensed or omitted for the interim statements. Certain costs are estimated for the full year and allocated to interim periods on estimates of operating time expired, benefit received or activity associated with the based interim period; accordingly, such costs are subject to year-end adjustment. It is management's opinion that, when the interim statements are read in conjunction with the 2002 Annual Repo rt on Form 10-K and the other reports filed with the SEC since its 2002 Form 10-K was filed, the disclosures are adequate to make the information presented not misleading.

Reclassifications - Certain amounts in prior years have been reclassified for comparative purposes. These reclassifications had no material effect on PGE's previously reported consolidated financial position, results of operations, or cash flows.

Emerging Issues Task Force Issue No. 02-3 (EITF 02-3), Accounting for Contracts Involved in Energy Trading and Risk Management Activities, which became effective in the third quarter of 2002, requires that unrealized and realized gains and losses associated with "energy trading activities" be reported on a net basis. Accordingly, PGE now records unrealized and realized gains and losses from trading activities on a net basis as a component of Operating Revenues. Previously, unrealized gains and losses from trading activities were recorded on a net basis in Purchased Power and Fuel expense; when such contracts were settled, sales were recorded in Operating Revenues and purchases were recorded in Purchased Power and Fuel expense. In accordance with requirements of EITF 02-3, all amounts in comparative financial statements for prior periods have been reclassified to conform to the new presentation. Such reclassification, which had no effect on margins from energy sales, resulted in a $76 million reduction to previously reported amounts for both Operating Revenues and Purchased Power and Fuel expense for the first quarter of 2002.

Note 2 - Price Risk Management

PGE utilizes derivative instruments, including electricity forward and option, natural gas forward and swap contracts, and crude oil futures contracts in its retail (non-trading) electric utility activities to manage its exposure to commodity price risk and endeavor to minimize net power costs for its retail customers, and in its trading activities to participate in electricity, natural gas, and crude oil markets. Under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities (as amended), which was adopted on January 1, 2001, derivative instruments are recorded on the Balance Sheet as an asset or liability measured at estimated fair value, with changes in fair value recognized currently in earnings, unless specific hedge accounting criteria are met.

For retail (non-trading) activities, changes in fair value of derivative instruments prior to settlement are recorded net in Purchased Power and Fuel expense. As these derivative instruments are settled, sales are recorded in Operating Revenues, with purchases, natural gas swaps and futures recorded in Purchased Power and Fuel expense.

Special accounting for qualifying hedges allows gains and losses on a derivative instrument to be recorded in Other Comprehensive Income (OCI) until they can offset the related results on the hedged item in the income statement. As discussed below, the effects of changes in fair value of certain derivative instruments entered into to hedge the company's future non-trading retail resource requirements are subject to regulation and therefore are deferred pursuant to SFAS No. 71, Accounting for the Effects of Certain Types of Regulation.

For energy trading activities, EITF 02-3, Accounting for Contracts Involved in Energy Trading and Risk Management Activities, requires that all unrealized and realized gains and losses associated with "energy trading activities" be reported on a net basis. EITF 02-3 also requires that the comparative financial statements for prior periods be reclassified to conform to the new presentation. As a result, PGE records unrealized and realized gains and losses from trading activities on a net basis as a component of Operating Revenues.

In October 2002, the Emerging Issues Task Force reached a consensus to rescind Issue 98-10 (EITF 98-10), Accounting for Energy Trading and Risk Management Activities, effective for fiscal periods beginning after December 15, 2002. With the rescission of EITF 98-10, only energy trading contracts that qualify as derivatives under SFAS No. 133 are marked-to-market through earnings. All of PGE's energy trading activities currently qualify as derivatives under SFAS No. 133. Accordingly, the rescission of EITF 98-10 has had no effect on the Company.

Non-Trading Activities

As PGE's primary business is to serve its retail customers, it uses derivative instruments, including electricity forward and option, and natural gas forward and swap contracts to manage its exposure to commodity price risk and endeavor to minimize net power costs for customers.

SFAS No. 133 requires unrealized gains and losses on derivative instruments that do not qualify for either the normal purchase and normal sale exception or hedge accounting to be recorded in earnings in the current period. Rates approved by the OPUC are based on a valuation of all the Company's energy resources, including derivative instruments that will settle during the 12-month period from January 1, 2003 to December 31, 2003. Such valuation was based on forward price curves in effect on November 12, 2002 for electricity and natural gas. The timing difference between the recognition of gains and losses on certain derivative instruments and their realization and subsequent collection in rates is recorded as a regulatory asset or regulatory liability to reflect the effects of regulation under SFAS No. 71. As these contracts are settled, the regulatory asset or regulatory liability is reversed. However, as there is currently no power cost adjustment in 2003, unrealized gains and losse s on new 2003 derivatives not included in rates, and changes in fair value of derivatives used to set rates, are not deferred as regulatory assets or regulatory liabilities.

In the first three months of 2003, PGE recorded $22 million in net unrealized gains in earnings in its retail portfolio, which was partially offset by recording an $11 million SFAS No. 71 regulatory liability, calculated on the basis indicated above. In the first three months of 2002, PGE recorded $4 million in net unrealized losses in earnings in its retail portfolio, which was fully offset by the recording of a SFAS No. 71 regulatory asset as a result of the power cost mechanism then in effect.

Derivative activities recorded in OCI for the first quarter of 2003 from cash flow hedges consist of $5 million of net unrealized gains from new contracts and changes in fair value, $3 million in net gains reclassified to earnings for contracts that settled during the period, and $6 million in net gains for the discontinuance of cash flow hedges due to the probability that the original forecasted transactions will not occur. In the first quarter of 2002, there were $7 million in net unrealized gains from new contracts and changes in fair values and $1 million in net losses for the discontinuance of cash flow hedges due to the probability that the original forecasted transactions will not occur; there were no gains or losses reclassified to earnings for contracts that settled during the period. In both years, the entire amount of OCI was fully offset by the recording of a SFAS No. 71 regulatory liability. No amounts were reclassified into earnings as a result of hedge ineffectiveness in the first quarter of 2003 or 2002. As of March 31, 2003, the maximum length of time over which PGE is hedging its exposure to such transactions is approximately 24 months. In addition, at March 31, 2003, the Company estimates that of the $6 million of net unrealized gains, $5 million will be reclassified into earnings within the next twelve months, and $1 million will reclassified over the remaining twelve months.

Trading Activities

PGE utilizes electricity forward and option contracts, natural gas forward, swap and futures contracts, and crude oil futures contracts to participate in electricity, natural gas, and crude oil markets. Such activities are not reflected in PGE's retail prices. As indicated above, beginning with the third quarter of 2002, all unrealized and realized gains and losses associated with "energy trading activities" are reported on a net basis. Amounts included in the comparative financial statements for prior periods have been reclassified to Operating Revenues to conform to the new presentation.

The following tables indicate unrealized and realized gains and losses on electricity and fuel trading activities and transaction volumes for electricity trading contracts that settled in the three-month periods ended March 31, 2003 and 2002:

	Trading Activities		
	Three Months Ended		
	March 31,		
	(In Millions)		
	2003		2002
Unrealized Gain (Loss)	$ 1		$ (2)
Realized Gain (Loss)	(1)		1
Net Gain (Loss) in Operating Revenues	$ -		$ (1)
	Electricity Trading		
	Megawatt Hours (thousands)		
	Three Months Ended		
	March 31,		
	2003		2002
Sales	2,570		1,994
Purchases	2,570		1,994

Note 3 - Legal and Environmental Matters

Trojan Investment Recovery - In 1993, following the closure of Trojan, PGE sought full recovery of and a rate of return on its Trojan plant costs, including decommissioning, in a general rate case filing with the OPUC. The filing was a result of PGE's decision earlier in the year to cease commercial operation of Trojan as a part of its least cost planning process. In 1995, the OPUC issued a general rate order which granted the Company recovery of, and a rate of return on, 87% of its remaining investment in Trojan plant costs, and full recovery of its estimated decommissioning costs through 2011.

Numerous challenges, appeals and requested reviews were filed in Marion County, Oregon Circuit Court, the Oregon Court of Appeals, and the Oregon Supreme Court on the issue of the OPUC's authority under Oregon law to grant recovery of and a return on the Trojan investment. The primary plaintiffs in the litigation were the Citizens' Utility Board (CUB) and the Utility Reform Project (URP). The Court of Appeals issued an opinion in 1998, stating that the OPUC does not have the authority to allow PGE to recover a return on the Trojan investment, but upholding the OPUC's authorization of PGE's recovery of the Trojan investment and remanding the case to the OPUC. PGE and the OPUC requested the Oregon Supreme Court to conduct a review of the Court of Appeals decision on the return on investment issue. In addition, URP requested the Oregon Supreme Court to review the Court of Appeals decision on the return of investment issue.

While the petitions for review were pending at the Oregon Supreme Court, in 2000, PGE, CUB, and the staff of the OPUC entered into agreements to settle the litigation related to PGE's recovery of its investment in the Trojan plant. Under the agreements, CUB

agreed to withdraw from the litigation and support the settlement as the means to resolve the Trojan litigation. URP did not participate in the settlement. The settlement, which was approved by the OPUC in September 2000, allowed PGE to remove from its balance sheet the remaining before-tax investment in Trojan of approximately $180 million at September 30, 2000, along with several largely offsetting regulatory liabilities. The largest of such amounts consisted of before-tax credits of approximately $79 million in customer benefits related to the previous settlement of power contracts with two other utilities and the approximately $80 million remaining credit due customers under terms of the Enron/PGC merger. The settlement also allo ws PGE recovery of approximately $47 million in income tax benefits related to the Trojan investment which had been flowed through to customers in prior years; such amount is being recovered from PGE customers, with no return on the unamortized balance, over an approximate five-year period, beginning in October 2000. After offsetting the investment in Trojan with these credits and prior tax benefits, the remaining Trojan regulatory asset balance of approximately $5 million (after tax) was expensed. As a result of the settlement, PGE's investment in Trojan is no longer included in rates charged to customers, either through a return of or a return on that investment. As discussed below, the URP filed a complaint challenging the settlement agreements and the OPUC's September 2000 order. Collection of decommissioning costs at Trojan is unaffected by the settlement agreements or the OPUC order.

PGE requested the Oregon Supreme Court to suspend its review of the 1998 Court of Appeals opinion pending resolution of URP's complaint with the OPUC challenging the accounting and ratemaking elements of the settlement agreements approved by the OPUC in September 2000. In March 2002, after a full contested case hearing, the OPUC issued an order denying all of URP's challenges, and approving the accounting and ratemaking elements of the settlement. URP appealed the decision to the Marion County Circuit Court, and in December 2002 PGE was granted intervention. A decision is not expected until mid-2003.

On July 1, 2002, PGE filed with the Oregon Supreme Court a Notice of Mootness and Motion to Dismiss and Vacate the case. On November 19, 2002, the Oregon Supreme Court denied PGE's Motion to Dismiss and Vacate and dismissed PGE's and URP's petitions for review of the 1998 Oregon Court of Appeals decision. As a result, the 1998 Oregon Court of Appeals opinion stands and the remand to the OPUC became effective. On January 17, 2003, URP filed a petition with the Court of Appeals requesting that the Court remand the matter to the Marion County Circuit Court, and not to the OPUC as required in the Court of Appeal's 1998 ruling. PGE and the OPUC filed in opposition to this request. In March 2003, the Court denied URP's petition.

In a separate legal proceeding, two class actions suits were filed in Marion County Circuit Court against PGE on January 17, 2003 on behalf of two classes of electric service customers. One case seeks to represent current PGE customers that were customers during the period from April 1, 1995 to October 1, 2001 (Current Class) and the other case seeks to represent PGE customers that were customers during the period from April 1, 1995 to October 1, 2001, but who are no longer customers (Former Class). The suits seek damages of $190 million for the Current Class and $70 million for the Former Class, from the inclusion of a return on investment of Trojan in the rates PGE charges its customers. In March 2003, the Company was served with two identical cases filed in Multnomah County Circuit Court. PGE intends to vigorously defend these cases.

Management cannot predict the ultimate outcome of the above matters. However, it believes this matter will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations for a future reporting period.

Union Grievances - Grievances have been filed by several members of the International Brotherhood of Electrical Workers (IBEW) Local 125, the bargaining unit representing PGE's union workers, with respect to losses in their pension/savings plan attributable to the collapse of the price of Enron's stock. The grievances, which allege that the losses were caused by Enron's manipulation of the stock, seek binding arbitration under Local 125's collective bargaining agreement on behalf of all present and retired bargaining unit members. The grievances do not specify an amount of claim, but rather request that the present and retired members be made whole. PGE has filed a Motion for Declaratory Relief in the Multnomah County Circuit Court for the State of Oregon, seeking a declaratory ruling that the grievances are not subject to arbitration under the collective bargaining agreement, that the grievances are preempted by ERISA, and that the conduct complained of is directed against Enron, not PGE. The IBEW filed an answer and counterclaim that the issue is arbitrable, and PGE filed a reply that denied the counterclaim and raised four affirmative defenses. A trial has been set for September 2003. Management cannot predict the ultimate outcome of these grievances.

Other Legal Matters - PGE is party to various other claims, legal actions and complaints arising in the ordinary course of business. Management cannot predict the ultimate outcome of these matters.

Environmental Matter - A 1997 investigation of a 5.5 mile segment of the Willamette River known as the Portland Harbor, conducted by the EPA, revealed significant contamination of sediments within the harbor. Based upon analytical results of the investigation, the EPA included the Portland Harbor on the federal National Priority List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act (Superfund) in 2000.

In 1999, the DEQ asked that PGE perform a voluntary remedial investigation of its Harborton Substation site to confirm whether any regulated hazardous substances had been released from the substation property into the Portland Harbor sediments. In May 2000, the Company entered into a "Voluntary Agreement for Remedial Investigation and Source Control Measures" (the Voluntary Agreement) with the DEQ, in which the Company agreed to complete a remedial investigation at the Harborton site under terms of the agreement.

In December 2000, PGE received from the EPA a "Notice of Potential Liability" regarding the Harborton Substation facility. The notice included a "Portland Harbor Initial General Notice List" containing sixty-eight other companies that the EPA believes may be Potentially Responsible Parties with respect to the Portland Harbor Superfund Site.

In accordance with the Voluntary Agreement, in March 2001, PGE submitted a final investigation plan to the DEQ for approval. DEQ approved the plan and in June 2001 PGE performed initial investigations and remedial activities based upon the approved investigation plan. The investigations have shown no significant soil or groundwater contaminations with a pathway to the river sediments from the Harborton site.

In February 2002, PGE submitted a final investigation report to the DEQ summarizing its investigations conducted in accordance with the May 2000 Voluntary Agreement. The report indicated that such investigations demonstrated that there is no likely present or past source or pathway for release of hazardous substances to surface water or sediments at or from the Harborton Substation site. Further, the investigations demonstrated that the site does not present a high priority threat to present and future public health, safety, welfare, or the environment. A request has been made to the DEQ for a determination that no further work is required under the Voluntary Agreement.

The EPA is coordinating activities of natural resource agencies and the DEQ and in early 2002 requested and received signed "administrative orders of consent" from several Potentially Responsible Parties, voluntarily committing to further remedial investigations; PGE was not requested to sign, nor has it signed, such an order. Available information is currently not sufficient to determine either the total cost of investigation and remediation of the Portland Harbor or the liability of Potentially Responsible Parties, including PGE.

Management believes that the Company's contribution to the sediment contamination, if any, would qualify it as a de minimis Potentially Responsible Party. Nonetheless, management cannot predict the ultimate outcome of this matter or estimate any potential loss.

Note 4 - Related Party Transactions

The tables below detail the Company's related party balances and transactions (in millions):

	March 31, 2003	December 31, 2002
Receivables from affiliated companies		
Enron Corp and other Enron Subsidiaries in Bankruptcy:		
Merger Receivable	$ 82	$ 81
Allowance for Uncollectible - Merger Receivable	(82)	(81)
Accounts Receivable[(a)]	2	2
Other Allowance for Uncollectible Accounts[(a)]	(2)	(2)
Other Enron Subsidiaries not in Bankruptcy:		
Portland General Holdings and its subsidiaries		
Accounts Receivable[(a)]	9	9
Note Receivable[(a)]	1	1
Other Allowance for Uncollectible Accounts[(a)]	(2)	(2)
Payables to affiliated companies		
Enron Corp:		
Accounts Payable[(b)]	6	19

Income Taxes Payable[c]		29		7

(a) Included in Accounts and notes receivable on the Consolidated Balance Sheets

(b) Included in Accounts payable and other accruals on the Consolidated Balance Sheets

(c) Included in Accrued taxes on the Consolidated Balance Sheets

For the Three Months Ended March 31	2003	2002
Expenses billed from affiliated companies		
Enron Corp:		
Intercompany services[a]	$ 8	$ 5
Interest (net) from affiliated companies		
Enron Corp:		
Interest income[b]	2	2
Portland General Holdings and its subsidiaries:		
Interest income[b]	-	1

(a) Included in Administrative and other on the Consolidated Statements of Income

(b) Included in Other Income (Deductions) on the Consolidated Statements of Income

Merger Receivable - Under terms of the companies' 1997 merger agreement, Enron and PGE agreed to provide $105 million of benefits to PGE's customers through price reductions payable over an eight-year period. Although the remaining liability to customers was reduced to zero under terms of a 2000 settlement agreement related to PGE's recovery of its investment in Trojan, Enron remained obligated to PGE for the approximate $80 million remaining balance and continued to make monthly payments, as provided under the merger agreement.

Enron suspended its monthly payments to PGE in September 2001, pursuant to its Stock Purchase Agreement with NW Natural, under which NW Natural was to have assumed Enron's merger payment obligation upon its purchase of PGE. The Stock Purchase Agreement was terminated in May 2002. At March 31, 2003, Enron owed PGE approximately $82 million, including accrued interest. The realization of the Merger Receivable from Enron is uncertain at this time due to Enron's bankruptcy. Based on this uncertainty, PGE has established a reserve for the full amount of this receivable, of which $74 million was recorded in December 2001.

On October 15, 2002, PGE submitted proofs of claim to the Bankruptcy Court for amounts owed PGE by Enron and other bankrupt Enron subsidiaries, including approximately $73 million (including accrued interest) for the Merger Receivable balance as of December 2, 2001, the date of Enron's bankruptcy filing. For further information, see Note 7, Enron Bankruptcy.

Income Taxes Payable - As a member of Enron's consolidated income tax return, PGE made income tax payments to Enron for PGE's income tax liabilities. PGE ceased to be a member of Enron's consolidated tax group on May 7, 2001. On December 24, 2002, PGE and its subsidiaries again became a member of Enron's consolidated tax group. The $29 million income taxes payable

balance at March 31, 2003 represents a net current income taxes payable of $22 million for the first quarter 2003 and $7 million of taxes payable at December 31, 2002 for income taxes owed up to May 7, 2001. On April 15, 2003, PGE made a payment to Enron of $21 million for income taxes payable. For further information, see Note 7, Enron Bankruptcy.

Intercompany Receivables and Payable - As part of its ongoing operations, PGE bills affiliates for various services provided. These include services provided by PGE employees along with other corporate services and are billed at the higher of cost or market. Also, PGE is billed for services received from affiliates, primarily for employee benefit plans and corporate overhead costs, at the lower of cost or market. All affiliated interest transactions with PGE are subject to approval of the OPUC and are described below.

Enron - PGE receives corporate overhead and employee benefit charges from Enron and provides incidental services to Enron. In the first quarter of 2003, Enron billed PGE approximately $5 million for retirement savings plan matching and medical and dental benefits. In addition, PGE accrued $3 million for corporate overhead costs. For the same period in 2002, Enron billed PGE approximately $2 million for retirement savings plan matching, and medical and dental benefits, and $3 million for corporate overhead costs.

Intercompany payables to Enron were paid by PGE until Enron filed for bankruptcy in early December 2001, except for payments for employee benefit plans. At December 31, 2002, PGE had a $19 million payable to Enron primarily for corporate overhead costs. In the first three months of 2003, PGE paid $21 million to Enron, consisting of $17 million for corporate overhead costs from January 2002 through March 2003 and $4 million for employee benefits. The $6 million payable to Enron at March 31, 2003 consisted of $3 million for corporate overheads and $3 for employee benefit costs.

Other Enron Subsidiaries in Bankruptcy - PGE purchased electricity from, and sold electricity to, Enron Power Marketing, Inc. (EPMI) during 2000 and 2001. PGE also provided transmission services to EPMI under a transmission contract that was guaranteed by Enron. PGE has not purchased electricity from, or sold electricity to, EPMI since December 2001, and EPMI has not paid for transmission services since September 2002.

At December 31, 2002, PGE was owed a net $2 million by EPMI for power sales and transmission services, which remained outstanding at March 31, 2003. EPMI is part of Enron's bankruptcy proceedings. Due to uncertainties associated with the realization of this receivable from EPMI, a $2 million reserve has been established. PGE included amounts owed by EPMI for power sales and transmission services in the proofs of claim filed with the Bankruptcy Court.

On April 17, 2003, PGE entered into a settlement agreement with EPMI and Enron to terminate the transmission contract. Under the settlement, PGE will retain a $200,000 deposit from EPMI related to the transmission contract, Enron's guaranty will terminate, and PGE will amend its proofs of claim in the Enron bankruptcy to include a prepetition unsecured claim against EPMI and a prepetition guaranty claim against Enron for $1 million owed PGE for transmission services. The settlement agreement was approved by the Bankruptcy Court in May 2003, and is subject to acceptance by the FERC. For further information, see Note 7, Enron Bankruptcy.

Enron Subsidiaries not in Bankruptcy - Portland General Holdings and Subsidiaries - Portland General Holdings, Inc. (PGH) is a wholly owned subsidiary of Enron. PGH and its subsidiaries are not part of Enron's bankruptcy proceedings. Prior to Enron's bankruptcy, Enron had provided a portion of the funding for operations of PGH and its subsidiaries. With Enron's bankruptcy, any future funding from Enron will be subject to approval by Enron, and must be in compliance with the Order of the Bankruptcy Court Authorizing Continued Use Of Existing Bank Accounts, Cash Management System, Checks and Business Forms dated December 3, 2001, as amended on February 25, 2002 (the Cash Order). At December 31, 2002, PGE had outstanding accounts and notes receivable from PGH and its subsidiaries of $10 million, comprised of $2 million related to non-regulated asset sales, $4 million related to PGH employee benefit plans, $3 million for employee and other corporate governance services, and a $1 m illion loan to a PGH subsidiary. These balances remained outstanding at March 31, 2003. In June 2002, Enron loaned PGH $475,000 to fund current operating activities, in compliance with the Cash Order. No additional funds have been advanced from Enron to PGH, and the $475,000 remains outstanding as of March 31, 2003. Based on management's assessment of the realizability of the receivables from PGH and its subsidiaries, a reserve of $2 million was established in December 2002.

PGH2, a wholly owned subsidiary of PGH, is the parent company of various subsidiaries that receive services from PGE. These include Portland General Distribution, LLC and Portland General Broadband Wireless, LLC (telecommunications companies), Microclimates, Inc. (a project management company), and Portland Energy Solutions Company, LLC (PES), which provides cooling services to buildings in downtown Portland, Oregon. At December 31, 2002, PGE has a $2 million receivable balance from Portland General Distribution Company, LLC related to assets sold for a capital project and for employee services provided by PGE. This balance remained outstanding at March 31, 2003.

PGE entered into a one-year revolving credit agreement to loan PES $2 million. The agreement, approved by the OPUC, expired on April 1, 2003. However, PGE has filed an application with the OPUC for approval of an amendment to extend the agreement to April 1, 2004. The application also requests a reduction in the interest rate from 16% to 12% per annum. Under the original agreement, PGE advanced funds to PES to complete a district cooling system project, with advances accruing interest at 16% per annum. The OPUC order further provides that interest paid by PES to PGE in excess of PGE's authorized cost of capital (9.083%) be deferred for refund to customers. PGE also has a security interest in certain contracts and equipment related to the project. As of December 31, 2002, PES owed PGE $1 million under the revolving credit agreement, including accrued interest, which remains outstanding at March 31, 2003.

PGE also provides services to its consolidated subsidiaries, including funding under a cash management agreement and the sublease of office space in the World Trade Center. Intercompany balances and transactions have been eliminated in consolidation.

PGE maintains no compensating balances and provides no guarantees for related parties.

Interest Income and Expense - Interest is accrued on the Enron Merger Receivable balance at PGE's current authorized cost of capital (9.083%) and is being fully reserved, as previously discussed. Accounts receivable balances from PGH and its subsidiaries accrue interest at 9.5%. Prior to 2001, interest was accrued at 9.5% on other outstanding receivable and payable balances with Enron and its other subsidiaries. Beginning in 2001, interest was no longer accrued on those other outstanding balances with Enron due to the proposed merger with Sierra Pacific Resources. Although the proposed merger was terminated in April 2001, interest accrual has not resumed.

Note 5 - Receivables - California Wholesale Market

As of March 31, 2003, PGE has net accounts receivable balances totaling approximately $62 million from the California Independent System Operator (ISO) and the California Power Exchange (PX) for wholesale electricity sales made from November 2000 through February 2001. The Company estimates that the majority of this amount was for sales by the ISO and PX to Southern California Edison Company and Pacific Gas & Electric Company (PG&E).

On March 9, 2001, the PX filed for bankruptcy, and on April 6, 2001, PG&E filed a voluntary petition for relief under the provisions of Chapter 11 of the federal Bankruptcy Code.

PGE is pursuing collection of all past due amounts through the PX and PG&E bankruptcy proceeding and has filed a proof of claim in each of the proceedings. Management continues to assess PGE's exposure relative to its California receivables and has established reserves of $29 million related to this receivable amount, including $11.5 million recorded in the first quarter of 2003. The Company is examining numerous options, including legal, regulatory, and other means to pursue collection of any amounts ultimately not received through the bankruptcy process. Due to uncertainties surrounding both the bankruptcy filings and regulatory reviews of sales made during this time period, management cannot predict the ultimate realization of these receivables.

Management believes that the outcome of this matter will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations for future reporting periods.

Note 6 - Refunds on Wholesale Transactions

California

In a June 19, 2001 order adopting a price mitigation program for 11 states within the WECC area, the FERC referred to a settlement judge the issue of refunds for non federally-mandated transactions made between October 2, 2000 and June 20, 2001 in the spot markets operated by the ISO and the PX.

On July 25, 2001, the FERC issued another order establishing the scope of and methodology for calculating the refunds and ordering an evidentiary hearing proceeding to develop a factual record to provide the basis for the refund calculation. Several additional orders clarifying and further defining the methodology have since been issued by the FERC. Hearings were held in February and March 2002 to determine the appropriate proxy prices to use and which sales were exempt from refunds because they had been made pursuant to orders of the Department of Energy. Further hearings were held in August through October, 2002, to determine the method of calculation of amounts owed to, and refunds owed by, sellers into the California market.

On August 13, 2002, the FERC staff issued a report that included a recommendation that natural gas prices used in the methodology to calculate potential refunds be reduced significantly, which could result in a material increase in the Company's potential refund obligation. The FERC asked for comments on the staff's recommendation, and on October 15, 2002, PGE, along with several other utilities, filed comments with the FERC objecting to the FERC staff's recommendations. Subsequent to the issuance of the FERC's August 13, 2002 report, several companies disclosed that some of their gas traders reported incorrect prices to the firms that report gas indices. In addition, on September 23, 2002, a FERC administrative law judge issued an order in a complaint case against El Paso Natural Gas Company, finding that El Paso had manipulated the gas market by withholding capacity. Also, in October 2002, a former Vice President and Managing Director of Enron's West Power Trading Division entered a g uilty plea to conspiracy to commit wire fraud in connection with California's energy market.

In December 2002, a FERC administrative law judge issued a certification of facts to the FERC regarding the refunds. Although no final dollar amounts were included in the certification, the recommended methodology indicated a potential refund by PGE of $20 million to $30 million.

Appeals of the FERC orders establishing the refund methodology have been filed and are pending in the Ninth Circuit Federal Court of Appeals. On August 21, 2002 the Ninth Circuit issued an order requiring the FERC to reopen the record to allow the parties to present additional evidence of market manipulation. In compliance with this order, the FERC authorized all parties to conduct further inquiry and to submit additional evidence of market manipulation. PGE responded to data requests from other parties and, in conjunction with other affected utilities, sought information from these parties.

On March 3, 2003, numerous parties filed documents addressing possible market manipulation. The most comprehensive filings were by the California parties. In addition to alleging that the markets were manipulated and that the refund cases should thus be

expanded, they alleged that numerous sellers, including PGE, participated in various strategies that affected the market adversely. On March 20, 2003, PGE, both individually and as part of a group of similar utilities, filed responses rebutting the claims of the California parties.

On March 26, 2003, the FERC issued an order in the California refund case (Docket No. EL00-95) adopting in large part the certification of facts of the FERC administrative law judge, issued in December 2002, but modifying the methodology it had previously ordered for the pricing of natural gas in calculating the amount of potential refunds. PGE estimates that the new methodology could increase the amount of the potential refunds by approximately $20 million. Although further proceedings will be necessary to determine exactly how the new methodology will affect the refund liability, the Company now estimates its potential liability to be between $20 million and $50 million.

PGE does not agree with several aspects of the FERC's methodology for determining potential refunds. On April 25, 2003, PGE joined a group of utilities in filing a request for rehearing of various aspects of the March 26, 2003 order, including the repricing of the gas cost component of the proxy price from which refunds are to be calculated.

Pacific Northwest

In the July 25, 2001 order, the FERC also called for a preliminary evidentiary hearing to explore whether there may have been unjust and unreasonable charges for spot market sales of electricity in the Pacific Northwest from December 25, 2000 through June 20, 2001. During that period, PGE both sold and purchased electricity in the Pacific Northwest. In September 2001, upon completion of hearings, the appointed administrative law judge issued a recommended order that the claims for refunds be dismissed. That recommendation, which would eliminate any potential refunds to be paid or received by PGE as a result of this proceeding, is now before the FERC for action.

In December 2002, the FERC re-opened this case to allow parties to conduct further discovery. In coordination with the order in the California refund case (described above), the FERC authorized all parties to conduct further inquiry and to submit additional evidence. PGE responded to data requests from other parties and, in conjunction with other affected utilities, sought information from these parties.

On March 3, 2003, numerous parties filed documents addressing possible market manipulation. The most comprehensive filings were by the City of Tacoma. In addition to alleging that the markets were manipulated and that the refund cases should thus be expanded, they alleged that numerous sellers, including PGE, participated in various strategies that adversely affected the market. On March 20, 2003, PGE, both individually and as part of a group of similar utilities, filed responses rebutting the claims of these parties.

On March 26, 2003, the FERC indicated that it may issue an order to remand the case for a determination of refunds. The remand could include the appointment of a settlement judge or additional hearings to determine refund amounts, if any. At this time, the Company does not know what the order may require or what sanctions may be sought.

Potential Refund Mitigation

The FERC has indicated that any refunds PGE may be required to pay related to California sales can be offset by accounts receivable related to sales in California (as discussed in Note 5, Receivables - California Wholesale Market). As indicated in Note 5, PGE has established reserves of $29 million related to the receivable amount. The FERC has also indicated that interest on both refunds and offsetting accounts receivable will be computed from the effective dates of the applicable transactions; such interest has not yet been recorded by the Company.

In addition, any refunds paid or received by PGE applicable to spot market electricity transactions on and after January 1, 2001 in California and the Pacific Northwest may be eligible for inclusion in the calculation of net variable power costs under the Company's power cost mechanism in effect at the time. This could further mitigate the financial effect of any refunds made or received by the Company.

Management cannot predict the ultimate outcome of these matters. However, it believes that the outcome will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations for future reporting periods.

Note 7 - Enron Bankruptcy

Commencing on December 2, 2001, Enron, along with certain of its subsidiaries, filed to initiate bankruptcy proceedings under Chapter 11 of the federal Bankruptcy Code. PGE is not included in the filings.

In connection with its proposed restructuring, Enron has stated that it believes that the total amount of the liquidated, undisputed claims against Enron and its subsidiaries exceeds and will exceed the current fair market value of the consolidated operations and assets of Enron and its subsidiaries. Accordingly, Enron has stated that it believes its existing equity has and will have no value and that any Chapter 11 plan confirmed by the Bankruptcy Court will not provide Enron's existing equity holders with any interest in the reorganized debtor. Any and all Chapter 11 plans are subject to creditor approval and judicial determination of confirmability.

Management cannot predict with certainty what impact Enron's bankruptcy may have on PGE. However, it does believe that the assets and liabilities of PGE will not become part of the Enron estate in bankruptcy. Although Enron owns all of PGE's common

stock, PGE as a separate corporation owns or leases the assets used in its business and PGE's management, separate from Enron, is responsible for PGE's day-to-day operations. Regulatory and contractual protections restrict Enron access to PGE assets. Under Oregon law and specific conditions imposed on Enron and PGE by the OPUC in connection with Enron's acquisition of PGE in the merger of Enron and PGC in 1997 (Merger Conditions), Enron's access to PGE cash or assets (through dividends or otherwise) is limited. Under the Merger Conditions, PGE cannot make any distribution to Enron that would cause PGE's equity capital to fall below 48% of total PGE capitalization (excluding short-term borrowings) without OPUC approval. The Merger Conditions a lso include notification requirements regarding dividends and retained earnings transfers to Enron. PGE is required to maintain its own accounting system as well as separate debt and preferred stock ratings. PGE maintains its own cash management system and finances its operations separately from Enron, on both a short-term and long-term basis. On September 30, 2002, the Company issued to an independent shareholder a single share of a new $1.00 par value class of Limited Voting Junior Preferred Stock which limits, subject to certain exceptions, PGE's right to commence any voluntary bankruptcy, liquidation, receivership, or similar proceedings without the consent of the shareholder.

Notwithstanding the above, PGE may have potential exposure to certain liabilities and asset impairments as a result of Enron's bankruptcy. These are:

1. **Amounts Due from Enron and Enron-Supported Affiliates in Bankruptcy** - As described in Note 4, Related Party Transactions, PGE is owed approximately $82 million (including accrued interest) by Enron at March 31, 2003 (Merger Receivable). Such amount was to have been paid to the Company for customer price reductions granted to customers, as agreed to by Enron at the time it acquired PGE in 1997. Because of uncertainties associated with Enron's bankruptcy, PGE has established a reserve for the full amount of this receivable, of which $74 million was recorded in December 2001. On October 15, 2002, PGE submitted proofs of claim to the Bankruptcy Court for amounts owed PGE by Enron and other bankrupt Enron subsidiaries, including approximately $73 million (including accrued interest) for the Merger Receivable balance as of December 2, 2001, the date of Enron's bankruptcy filing. In addition, due to uncertainties associated with other receivable balances from Enron su bsidiary companies which are part of the bankruptcy proceedings, a reserve has been established for the entire $2 million remaining balance of such receivables at March 31, 2003.

2. **Controlled Group Liability** - Enron's bankruptcy has raised questions regarding potential PGE liability for certain employee benefit plan and tax obligations of Enron.

Pension Plans

The pension plan for the employees of PGE (the PGE Plan) is separate from the Enron Corp. Cash Balance Plan (the Enron Plan). Although at December 31, 2002, the total fair value of PGE Plan assets was $16 million lower than the projected benefit obligation on a SFAS No. 87 (Employers' Accounting for Pensions) basis, the PGE Plan remains over-funded on an accumulated benefit obligation basis by about $30 million. Based on discussions with Enron management, it is PGE management's understanding that, as of December 31, 2002, the assets of the Enron Plan were less than the present value of all accrued benefits by approximately $52 million on a SFAS No. 87 basis and approximately $182 million on a plan termination basis. The Pension Benefit Guaranty Corporation (PBGC) insures pension plans, including the PGE Plan and the Enron Plan. Further, Enron's management has informed PGE that the PBGC has filed claims in the Enron bankruptcy cases. The claims are duplicative in nature, representi ng unliquidated claims for PBGC insurance premiums (the "Premium Claims") and unliquidated claims for due but unpaid minimum funding contributions (the "Contribution Claims") under the Internal Revenue Code of 1986, as amended (the "Tax Code") 29 U.S.C. Section 1082 and claims for unfunded benefit liabilities (the "UBL Claims"). Enron and the relevant sponsors of the defined benefit plans are current on their PBGC premiums and their contributions to the pension plans. Therefore, Enron has valued the Premium Claims and the Contribution Claims at $0. The total amount of the UBL Claims is $305.5 million (including $271 million for the Enron Plan, and $24.8 million for the PGE Plan). In addition, Enron management has informed PGE that the PBGC has informally alleged in pleadings filed with the Bankruptcy Court that the UBL claim related to the Enron Plan could increase by as much as 100%. PBGC has provided no support (statutory or otherwise) for this assertion and Enron management disputes the validity of a ny such claim.

Subject to applicable law, separate pension plans established by companies in the same controlled group may be merged. If the Enron Plan and PGE Plan were merged, any excess assets in the PGE Plan would reduce the deficiency in the Enron Plan. However, if the plans are not merged, the deficiency in the Enron Plan could become the responsibility of the PBGC and the PGE Plan assets would be undiminished.

Because the Enron Plan is underfunded and Enron is in bankruptcy, in certain circumstances the Enron Plan may be terminated and taken control of by the PBGC upon approval of a Federal District Court. In addition, with consent of the PBGC, Enron could seek to terminate the Enron Plan while it is underfunded. Moreover, if it satisfies certain statutory requirements, Enron can commence a voluntary termination by fully funding the Enron Plan, in accordance with the Enron Plan terms, and terminating it in a "standard" termination in accordance with the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Upon termination of an underfunded pension plan, all of the members of the controlled group of the plan sponsor become jointly and severally liable for the plan's underfunding. The PBGC can demand payment from one or more of the members of the controlled group. If payment is not made, a lien in favor of the PBGC automatically arises against all of the assets of that member of the controlled group. The amount of the lien is equal to the lesser of the underfunding or 30% of the aggregate net worth of all of the controlled group members. In addition, if the sponsor of a pension plan does not timely satisfy its minimum funding obligation to the pension plan, once the aggregate missed amounts exceed $1 million, a lien in favor of the

plan in the amount of the missed funding automatically arises against the assets of every member of the controlled group. In either case, the PBGC may file to perfect the lien and attempt to enforce it against the assets of members of the Enron controlled group. PGE management believes that the lien would be subordinate to prior perfected liens on the assets of the member of the controlled group. Substantially all of PGE's assets are subject to a prior perfected lien in favor of the holders of its First Mortgage Bonds. Management believes that any lien asserted by the PBGC would be subordinate to that lien. Based on discussions with Enron's management, PGE's management understands that Enron has made all required contributions to date and the next contribution is not due until July 15, 2003.

PGE management has been informed by Enron management that on November 15, 2002, Enron informed its employees that it is taking steps to terminate the Enron Plan. As an initial step in terminating the Enron Plan, Enron amended the Enron Plan to cease monthly accruals effective January 1, 2003, so that only interest credits would accrue after that date. Enron also informed its employees that it intends to seek the approval of its Unsecured Creditors' Committee and the U.S. Bankruptcy Court to fully fund and then terminate the Enron Plan in a standard termination. Approval to terminate the Enron Plan also will be requested from the PBGC and the IRS. Enron informed its employees that, if approved, the termination process could take 12 months or longer.

PGE management believes that the proposal to fully fund the Enron Plan and terminate it in a standard termination, if approved and consummated, should eliminate any need for the PBGC to attempt to collect from PGE any liability related to the termination of the Enron Plan. There can be no assurance at this time that the funding and termination will be approved by the Unsecured Creditors' Committee or the Bankruptcy Court or that, upon such approval, Enron will have the ability to obtain funding on acceptable terms.

Management cannot predict the outcome of the above matters or estimate any potential loss. In addition, if the PBGC did look solely to PGE to pay any amount with respect to the Enron Plan, PGE would exercise all legal rights, if any, available to it to defend against such a demand and to recover any contributions from the other solvent members of the controlled group. No reserves have been established by PGE for any amounts related to this issue.

Retiree Health Benefits

Under COBRA, if certain retirees of Enron lose coverage under Enron's group health plan due to Enron's bankruptcy proceedings, they would be entitled to elect continuation of their health coverage in a group plan maintained by Enron or a member of its controlled group. PGE management understands, based on discussions with Enron management, that Enron had provided a plan for retiree health insurance and that the actuarial liability for such coverage was approximately $70 million as of December 31, 2001 (the most recent date for which information is available). Management further understands that to meet its obligation, Enron had set aside approximately $34 million of assets in a VEBA trust that may be protected under ERISA from Enron's creditors, leaving an unfunded liability of approximately $36 million at December 31, 2001.

In the event that Enron terminates its retiree group health plan, the retirees must be provided the opportunity to purchase continuing coverage from Enron's group health plan, if any, or the most appropriate existing group health plan of another member of the Enron controlled group. Retirees electing to purchase COBRA coverage would be provided the same coverage that is provided to similarly situated retirees under the appropriate existing plan. Retirees electing to purchase COBRA coverage would be required to pay for the coverage, up to an amount not to exceed 102% of the cost of coverage for similarly situated beneficiaries. Retirees are not required to purchase coverage under COBRA. Retirees may, instead, shop for coverage from third party sources and determine which is the least expensive coverage.

Management cannot predict the outcome of the above matter or estimate any potential loss. However, PGE would exercise all legal rights, if any, available to it to defend against any demands made upon the Company related to the termination of Enron's retiree group health plan coverage. No reserves have been established by PGE for any amounts related to this issue.

Income Taxes

Under regulations issued by the U.S. Treasury Department, each member of a consolidated group during any part of a consolidated federal income tax return year is severally liable for the tax liability of the consolidated group for that year. PGE became a member of Enron's consolidated group on July 2, 1997, the date of Enron's merger with PGC. Based on discussions with Enron's management, PGE management understands that Enron has treated PGE as having ceased to be a member of Enron's consolidated group on May 7, 2001 and becoming a member of Enron's consolidated group once again on December 24, 2002. On December 31, 2002, PGE and Enron entered into a tax sharing agreement pursuant to which PGE agreed to make payments to Enron that approximate the income taxes for which PGE would be liable if it were not a member of Enron's consolidated group. As of April 30, 2003, PGE has paid $21 million to Enron under the tax sharing agreement.

Enron's management has provided the following information to PGE:

A. Enron's consolidated tax returns through 1995 have been audited and are closed. Management understands that the IRS has completed an audit of the consolidated tax returns for 1996-2001.

B. For years 1996-1999, Enron and its subsidiaries generated substantial net operating losses (NOLs). For 2000, Enron and its subsidiaries paid an alternative minimum tax. Enron's 2001 consolidated tax return showed a substantial net operating loss, which was carried back to the tax year 2000, for which Enron seeks a tax refund for taxes paid in 2000. The carryback of the 2001 loss to 2000 is expected to provide Enron and its subsidiaries substantial NOLs for any additional income tax liabilities

that may result from the negotiation of the claim stemming from the IRS audit for the periods in which PGE was a member of Enron's consolidated federal income tax returns.

C. Enron's 2002 tax return has not yet been filed. As noted in paragraph B. above, Enron expects to have substantial NOLs from operations in years preceding 2002. Enron expects that, in addition to offsetting its income tax liabilities for years before 2002, these NOLs will be sufficient to fully offset Enron's regular and alternative minimum income tax liabilities for 2002 and its regular income tax liability for all subsequent periods through the date of consummation of its plan of reorganization.

D. Enron believes that all of the requirements for re-consolidation of PGE with the Enron consolidated group have been met. However, because of the inherently factual nature of the determination of the re-consolidation, there can be no assurance that the IRS will agree with this position. In the event that the IRS does not agree and the matter is not resolved in the bankruptcy proceeding (or otherwise), PGE will have an administrative expense claim against Enron for any amounts paid by PGE to Enron under the tax sharing agreement. Enron management believes that all administrative expense claims will be paid in full.

   On March 28, 2003, the IRS filed various proofs of claim for taxes in the Enron bankruptcy, including a claim for approximately $111 million in respect to income tax, interest, and penalties for taxable years for which PGE was included in Enron's consolidated tax return. The IRS seeks to apply $63 million in tax refunds admittedly due Enron against these claims. IRS claims for taxes and prepetition interest have a priority over claims of general unsecured creditors, but claims for prepetition penalties have no priority and claims for postpetition interest are not allowable in bankruptcy. The Company, along with other corporations in Enron's consolidated tax returns that are not in bankruptcy, are severally liable for prepetition penalties and postpetition interest, as well as any portion of the claim allowed in the bankruptcy that the IRS does not collect from the debtors.

   Enron's management has informed PGE management that Enron is negotiating with the IRS in an attempt to resolve issues raised by the IRS claims. If the parties do not reach a settlement, the bankruptcy court will decide the actual amount, if any, owed to the government in respect to tax, interest, and penalties.

   To the extent, if any, that the IRS would look to PGE to pay any assessment not paid by Enron, PGE would exercise whatever legal rights, if any, that are available for recovery in Enron's bankruptcy proceeding, or to otherwise seek to obtain contributions from the other solvent members of the consolidated group. As a result, management believes the income tax, interest, and penalty exposure to PGE (related to any future liabilities from Enron's consolidated tax returns during the period PGE was a member of Enron's consolidated returns) would not be material. No reserves have been established by PGE for any amounts related to this issue.

PGE management cannot predict the ultimate outcome of the above matters due to the uncertainties surrounding Enron's bankruptcy.

Enron Debtor in Possession Financing - PGE has been informed by Enron management that shortly after the filing of its bankruptcy petition in December 2001, Enron entered into a debtor in possession credit agreement with Citicorp USA, Inc. and JPMorgan Chase Bank. The agreement was amended and restated in July 2002. PGE management has been advised by Enron management and its legal advisors that, under the amended and restated agreement and related security agreement, all of which were approved by the Bankruptcy Court, Enron has pledged its stock in a number of subsidiaries, including PGE, to secure the repayment of any amounts due under the debtor in possession financing. The pledge will be automatically released upon a sale of PGE otherwise permitted under the terms of the credit agreement. Enron also granted the lenders a security interest in the proceeds of any sale of PGE. The lenders may not exercise substantially all of their rights to foreclose against the pledged share s of PGE stock or to exercise control over PGE unless and until the lenders have obtained the necessary regulatory approvals for the transfer of PGE stock to the lenders.

Enron Auction Processes Related to PGE

PGE has been informed by Enron management that the proposal Enron presented to its Unsecured Creditors' Committee on May 3, 2002 to separate certain of Enron's core energy assets, including PGE, from Enron's bankruptcy estate and operate them prospectively as a new integrated power and pipeline company has been withdrawn. Enron continues to pursue the sale of PGE through the auction process that it announced on August 27, 2002. However, Enron has stated that it reserves the right not to sell PGE if the bids received are not deemed fully reflective of its value. A sale of PGE would require the consideration and approval of regulatory agencies, including the OPUC.

Enron management has informed PGE that if PGE is not sold in the auction process, it is anticipated that the shares of PGE stock owned by Enron would be distributed over time to creditors of Enron in connection with Enron's plan of reorganization. It is also anticipated that PGE's stock would be listed on a national stock exchange and would be publicly traded. In connection with the distribution to creditors, it is expected that PGE would be governed by an independent Board of Directors. Until resolution of the bankruptcy case and distribution of the PGE shares, Enron will retain the right to sell PGE if it is determined that a sale would be in the best interest of Enron's stakeholders.

Enron has filed a motion with the Bankruptcy Court to extend the time to file its plan of reorganization to June 30, 2003. Until the plan of reorganization or another filing related to the sale of PGE is filed with the Bankruptcy Court and approved, management cannot assess the impact on PGE's business and operations of a sale or the distribution of PGE's stock to Enron's creditors.

Note 8 - Asset Retirement Obligations

PGE adopted SFAS No. 143, Accounting for Asset Retirement Obligations, on January 1, 2003. SFAS No. 143 requires the recognition of Asset Retirement Obligations (AROs), measured at estimated fair value, for legal obligations related to the dismantlement and restoration costs associated with the retirement of tangible long-lived assets in the period in which the liability is incurred. Upon initial recognition of AROs that are measurable, the probability weighted future cash flows for the associated retirement costs, discounted using a credit-adjusted risk-free rate, are recognized as both a liability and as an increase in the capitalized carrying amount of the related long-lived assets. Due to the long lead time involved, a market-risk premium cannot be determined for inclusion in future cash flows. Capitalized asset retirement costs are depreciated over the life of the related asset, with accretion of the ARO liability classified as an operating expense on the Statement of Inc ome. Both amounts are included in Depreciation and Amortization expense for Utility plant and Other Income (Deductions) for Other property on the Statement of Income.

Regulation - Pursuant to regulation, AROs of rate-regulated long-lived assets are included in depreciation expense allowed in rates. Any differences in the timing of recognition of costs for financial reporting and rate-making purposes are deferred as a regulatory asset or regulatory liability under SFAS No.71. PGE expects any changes in estimated AROs to be incorporated in future rates. Substantially all significant AROs are included in rate regulation.

Also through regulation, PGE collects in rates removal costs for certain assets that do not have associated legal asset retirement obligations. At March 31, 2003, PGE has an estimated $212 million regulatory liability for these removal costs recorded in Accumulated Depreciation.

Cumulative Effect - Upon adoption of SFAS No. 143, PGE recorded a $2 million after-tax gain in earnings from the cumulative effect of a change in accounting principle related to other property. This transition adjustment represents a difference in using a straight-line amortization vs. accretion methodology under SFAS No. 143.

The $11 million transition adjustment for rate-regulated utility plant, consisting of the Boardman and Colstrip coal plants, Beaver and Coyote Springs gas turbine plants, and the Bull Run hydro project, is deferred as a regulatory liability pursuant to SFAS No. 71.

The ARO associated with the Trojan plant was recorded on a nominal dollar basis at the time of its abandonment in 1993, with costs to be recovered through regulation recorded as a regulatory asset. With the adoption of SFAS No. 143, the regulatory asset and the related ARO for the Trojan plant were reduced by $96 million to adjust the balances to an estimated fair value as required by SFAS No. 143.

Asset Retirement Obligations Activity - Upon adoption of SFAS No. 143, PGE recorded AROs of $15 million for utility plant and $1 million for other property and adjusted the ARO for the Trojan Plant to $80 million.

The following presents the proforma effects to the balances and activities in AROs for the accounting periods reported herein had SFAS No. 143 been in effect for all periods:

	Proforma		Proforma
	Three Months Ended		Year Ended
	March 31, 2003		December 31, 2002
Beginning Balance	$ 96		$104
Activity			
AROs incurred	-		-
Expenditures (Trojan)	(6)		(18)
Accretion	1		6
Revisions	-		4
Ending Balance	$ 91		$ 96

Unrecognized Asset Retirement Obligations

PGE has certain tangible long-lived assets for which AROs are not measurable. An ARO will be required to be recorded when circumstances change. The assets that may require removal when the plant is no longer in service include the Oak Grove hydro

project and transmission and distribution plant located on public right-of-ways and on certain easements. Management believes that these assets will be used in utility operations for the foreseeable future.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The following review of PGE's results of operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this report. Due to seasonal fluctuations in electricity sales, as well as the price of wholesale energy and natural gas costs, quarterly operating earnings are not necessarily indicative of results to be expected for calendar year 2003.

2003 Compared to 2002 for the Three Months Ended March 31

PGE's net income in the first quarter of 2003 was $21 million, compared to $36 million in the first quarter of 2002. Earnings were unfavorably impacted by a 4% decline in retail energy sales, resulting from both warmer weather in the first quarter of 2003 and Oregon's continued slow economy. A power cost adjustment mechanism in place during 2002 partially offset the negative earnings impact of lower energy sales in last year's first quarter. In addition, the Company recorded an after tax provision of approximately $7 million in the first quarter of 2003 related to amounts due PGE for certain prior year wholesale electricity sales made in California. Results for the first quarter of 2003 include a $2 million gain from a cumulative effect of a change in accounting principle related to the adoption of SFAS No. 143.

The following table summarizes Operating Revenues and Energy Sales for the first quarter of 2003 and 2002:

	Three Months Ended March 31,		Increase/(Decrease)	
Operating Revenues	2003	2002	Amount	%
(In Millions)				
Retail	$ 347	$ 405	$ (58)	(14%)
Wholesale (Non-Trading)	110	60	50	83%
Other Operating Revenues:				
Trading Activities - net	-	(1)	1	*
Other	14	-	14	*
Total Operating Revenues	$ 471	$ 464	$ 7	2%
Energy Sales				
(In Thousands of MWhs)				
Retail	4,752	4,942	(190)	(4%)
Wholesale (Non-Trading)	2,672	1,817	855	47%
Trading Activities	2,570	1,994	576	29%
Total Energy Sales	9,994	8,753	1,241	14%

(*not meaningful)

The decrease in Retail Revenues was caused primarily by lower prices and energy sales. As provided in the OPUC's 2001 general rate order, PGE reduced its retail customer rates on January 1, 2003 to reflect a decrease in projected 2003 variable power costs. (See "Retail Rate Changes" in the Financial and Operating Outlook section for further information). Retail energy sales declined from last year's first quarter as a result of both warmer temperatures and increased conservation efforts, with average use for residential and commercial customers declining about 8% and 3%, respectively. Such decreases more than offset an approximate 6,400 increase in total customers during the last year. Increased Wholesale (Non-Trading) Revenues resulted from both higher energy sales and higher market prices. Sales volume increased significantly as energy marketing activity returned from lower levels in last year's first quarter caused by price volatility and uncertainty related to the cost and availa bility of power in western markets. Average wholesale power prices increased 24%, reflecting both increased natural gas prices and adverse hydro conditions in the region. The increase in Other Operating Revenues was primarily related to sales of natural gas in excess of generating plant requirements, as power purchases in the wholesale market economically displaced more expensive gas-fired thermal generation. Such sales in the first quarter of 2003 resulted in a $6 million gain, compared to a loss of $8 million in the first quarter of 2002.

Purchased Power and Fuel expense increased $27 million (11%). The economic displacement of combustion turbine generation with lower cost power purchases during the first quarter of 2003 resulted in an 11% decrease in PGE's average variable power cost from the first quarter of 2002. PGE reduced output from its combustion turbine plants by 35% and replaced it with power purchases that cost an average of 20% less than in the first quarter of 2002; this more than offset a 10% increase in total system load resulting from higher wholesale energy sales. Purchased Power and Fuel expense in the first quarter of 2002 included a $27 million credit related to the Company's power cost mechanism then in effect, while the first quarter of 2003 includes a $16 million charge for the amortization of costs deferred under the mechanism in 2001 and 2002 which were recovered from customers in the first quarter of 2003. There is currently no power cost adjustment mechanism in place for 2003. Also included i n first quarter 2003 expense is an $11.5 million provision for uncollectible accounts receivable for wholesale electricity sales in the California market. (For further information, see Note 5, Receivables - California Wholesale Market, in the Notes to Financial Statements).

Due to expected adverse hydro conditions in the region, PGE has filed an application with the OPUC seeking deferral, for future recovery from customers, of hydro replacement power costs for the period February 11, 2003 (application date) through December 31, 2003. Operating results for the first quarter of 2003 do not reflect the deferral of such costs, pending OPUC consideration of the Company's application. See "Hydro Replacement Power Costs" in the Financial and Operating Outlook section for further information.

Company generation approximated that of last year's first quarter, as a 17% increase in coal-fired generation and a 6% increase in production from PGE's hydro plants largely offset the reduction in combustion turbine generation. Total generation met approximately 44% of PGE's retail load during the first quarter of 2003, compared to 43% last year.

The following table indicates PGE's total system load (including both retail and wholesale but excluding energy trading contracts) for the first quarter of 2003 and 2002. Average variable power costs exclude the effect of credits to purchased power and fuel costs related to PGE's power cost mechanisms, as discussed above.

Megawatt/Variable Power Costs

	Megawatt-Hours (thousands)		Average Variable Power Cost (Mills/kWh)	
	2003	2002	2003	2002
Generation	2,254	2,269	22.8	16.1
Firm Purchases	4,777	4,013	36.7	52.3
Spot Purchases	793	829	46.9	25.3
Total Send-Out	7,824	7,111	35.6*	39.9*

(*includes wheeling costs)

Operating Expenses (excluding Purchased Power and Fuel, Depreciation and Amortization, and taxes) decreased $2 million (3%). Effective with the March 1, 2002 implementation of Oregon's energy restructuring law, PGE no longer directly provides energy efficiency measures to its retail customers, with such services now administered by the non-profit Energy Trust of Oregon. The resulting decrease in energy efficiency expenses was partially offset by increased corporate overhead expenses (including certain employee benefit costs), increased provisions for uncollectible customer accounts, and certain customer support expenses.

Depreciation and Amortization expense increased $13 million (31%) due to decreased amortization of regulatory liabilities, including credits given to customers in 2002 for gains on certain nonrecurring property sales, and increased amortization of computer software, including the Company's new customer information and billing system. In addition, last year's first quarter

amortization expense included credits to establish regulatory assets related to the sale of the Pelton Round Butte hydroelectric project and the deferral, for future recovery from customers, of costs related to implementation of Oregon's electricity restructuring law.

Income taxes decreased $13 million primarily due to lower taxable income.

Capital Resources and Liquidity

Review of Cash Flow Statement

Cash Provided by Operations is used to meet the day-to-day cash requirements of PGE. Supplemental cash is obtained from external borrowings, as needed.

A significant portion of cash from operations comes from depreciation and amortization of utility plant, charges that are recovered in customer revenues but require no current cash outlay. Changes in accounts receivable and accounts payable can also be significant contributors or users of cash. Cash provided by operating activities totaled $81 million in this year's first quarter compared to $76 million in the same period last year. The increase is due primarily to increased payments received from sales to retail electricity customers.

Investing Activities consist primarily of improvements to PGE's distribution, transmission, and generation facilities. A $4 million increase in capital expenditures in the first quarter of 2003 is primarily attributable to improvements and expansion of the PGE's distribution system to support both new and existing customers within the Company's service territory.

Financing Activities provide supplemental cash for both day-to-day operations and capital requirements as needed. PGE relies on cash from operations, revolving credit facilities, and long-term financing activities to support such requirements. Although PGE has traditionally utilized commercial paper borrowings in meeting its day-to-day cash requirements, the Company has been unable to access the commercial paper market due to ratings reductions by credit rating agencies.

During the first quarter of 2003, PGE repurchased $39 million of the $142 million in Pollution Control Bonds that were remarketed on May 1, 2003 (see below). In addition, the Company repaid $2 million of conservation bonds and paid $1 million in preferred stock dividends during the first quarter of 2003. No common stock cash dividends were declared in 2002 or in the first quarter of 2003. In July 2002, upon approval of the Company's board of directors, PGE made a non-cash dividend of $27 million to Enron related to the transfer of a receivable balance due from PGH.

On April 8, 2003, PGE issued $50 million of 5.279% First Mortgage Bonds, maturing April 2013. The bonds were issued as a private placement. The Company purchased a policy insuring the principal and interest payments on the Bonds which will add approximately 1.0% to annual interest costs. Net proceeds from this issue will be used to refinance current maturities of long-term debt and for other general corporate purposes.

On May 1, 2003, PGE remarketed $142 million of Pollution Control Bonds for a term of six years at fixed rates of 5.20% (for $121 million of the bonds) and 5.45% (for $21 million). The bonds are secured by First Mortgage Bonds issued by the Company.

The issuance of additional First Mortgage Bonds and preferred stock requires PGE to meet earnings coverage and security provisions set forth in PGE's Articles of Incorporation and the Indenture securing the bonds. As of March 31, 2003, PGE has the capability to issue additional First Mortgage Bonds in amounts sufficient to meet its anticipated capital and operating requirements.

PGE is evaluating alternatives for the replacement of its existing revolving credit lines, consisting of a $72 million facility expiring in June 2003 and a $150 million facility expiring in July 2003. Such alternatives include their replacement by a new revolving credit facility and/or issuance of First Mortgage Bonds. The Company's existing revolving credit facilities contain a material adverse change clause and financial covenants that limit consolidated indebtedness, as such term is defined in the facilities, to 60% of total capitalization, and require a minimum 2.25:1 ratio of earnings before interest and taxes to consolidated interest expense. PGE's indebtedness to total capitalization and interest coverage ratios at March 31, 2003 were 44.2% and 2.32:1, respectively. Both facilities are secured by First Mortgage Bonds. In addition, the revolving credit facilities prohibit the payment of any cash dividends by PGE to Enron.

Credit Ratings

PGE's secured and unsecured debt ratings continue to be investment grade from both Moody's Investors Service (Moody's) and Standard and Poor's (S&P), with Fitch Ratings (Fitch) currently carrying a below investment grade rating on the Company. PGE 's current credit ratings are as follows:

	Moody's	S&P	Fitch
First Mortgage Bonds	Baa2	BBB+	BB+

Senior unsecured debt	Baa3	BBB	BB-
Preferred stock	Ba2	BBB-	B
Commercial paper	Prime-3	A-2	Withdrawn
Outlook:	Negative	Developing	Rating Watch Positive

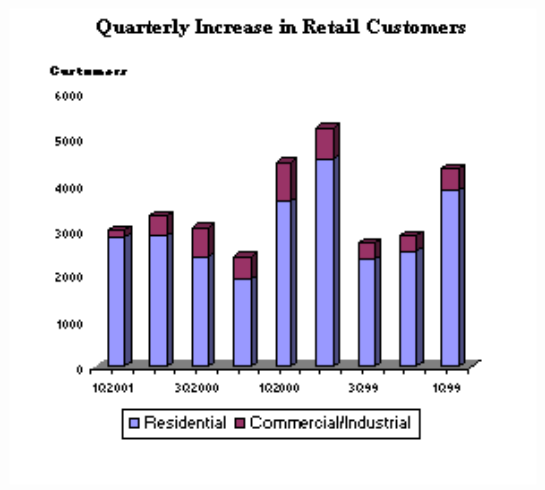
Should Moody's and S&P reduce the credit rating on PGE's unsecured debt to below investment grade, the Company could be subject to requests by certain of its wholesale counterparties to post additional performance assurance collateral. On March 31, 2003, PGE had posted, in the form of letters of credit, $22 million of collateral. Based on the Company's non-trading and trading portfolio, estimates of current energy market prices, and the current level of collateral outstanding, as of March 31, 2003, the approximate amount of additional collateral that could be requested upon such a downgrade event is $50 million and decreases to approximately $44 million by year-end 2003. In addition to collateral calls, such a credit rating reduction would likely have an adverse effect on the terms and conditions of future long-term debt. In addition, any such rating reductions would increase interest rates and fees on PGE's two revolving credit facilities, increasing the cost of funding its day-to- day working capital requirements.

PGE's does not have the ability to access the commercial paper market due to the May 2002 ratings reduction for commercial paper by Moody's and Fitch. Management believes that it has the ability to use its existing lines of credit, along with cash from operations, to provide the Company with sufficient liquidity to meet its day-to-day cash requirements.

On May 5, 2003, Fitch issued a press release to announce that PGE's Rating Watch status has been revised from Negative to Positive and that, upon finalization of bank revolver financing, expected to occur by the end of May 2003, it would likely upgrade PGE's secured debt to investment grade.

Although measures of PGE's financial performance, including financial ratios, remain strong, due to continuing uncertainty regarding the impact of Enron's bankruptcy on PGE, management is unable to predict what actions, if any, will be taken by the rating agencies in the future. However, it does believe there are sufficient structural and regulatory mechanisms to protect the Company's assets from Enron and its creditors and there are no economic incentives for Enron to cause PGE to file for bankruptcy protection.

Financial and Operating Outlook



Retail Customer Growth and Energy Sales

Weather adjusted retail energy sales decreased 1.1% for the three months ended March 31, 2003, compared to the same period last year. Industrial sector energy sales were flat, with commercial and residential sales down 0.4% and 2.2%, respectively. PGE forecasts continued flat retail energy sales in 2003, with no growth from 2002 due to Oregon's continued slow economy.

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Power Supply

Hydro conditions in the region remain below normal levels. Volumetric water supply forecasts for the Pacific Northwest, prepared by the Northwest River Forecast Center in conjunction with the Natural Resources Conservation Service and other cooperating agencies, currently project the January-to-July runoff at 84% of normal, compared to 97% of normal in 2002.

PGE generated 51% of its retail load requirement in the first quarter of 2003, with hydro generation comprising about 7% of the Company's requirement; short- and long-term purchases were utilized to meet the remaining load. PGE's ability to purchase power in the wholesale market, along with its base of thermal and hydroelectric generating capacity, currently provides the flexibility to respond to seasonal fluctuations in the demand for electricity both within its service territory and from its wholesale customers.

The amount of surplus electric generating capability in the western United States, the amount of annual snow pack and its impact on hydro generation, the number and credit quality of wholesale marketers and brokers participating in the energy trading markets, the availability and price of natural gas as well as other fuels, and the availability and pricing of electric and gas transmission all contributed to and have an impact on the wholesale price and availability of electricity. PGE will continue its participation in the wholesale energy marketplace in order to manage its power supply risks and acquire the necessary electricity and fuel to meet the needs of its retail customers and administer its current long-term wholesale contracts. In addition, the Company will continue its trading activities to participate in electricity, natural gas, and crude oil markets.

Enron Bankruptcy

Commencing in December 2001, Enron and certain of its subsidiaries filed for bankruptcy under Chapter 11 of the federal Bankruptcy Code. Neither PGE nor numerous other Enron subsidiaries, including subsidiaries owning gas pipelines and related facilities, are included in the bankruptcy. Numerous shareholder and employee class action lawsuits have been initiated against Enron, its former independent accountants, legal advisors, executives, and board members, and its stock has been de-listed from the New York Stock Exchange. In addition, investigations of Enron have been commenced by several Congressional committees and state and federal regulators, including the FERC and the State of Oregon. In March 2002, Enron, substantially all of its subsidiaries and several former officers were suspended by the General Services Administration from contracting with the federal government.

Although PGE is not included in the Enron bankruptcy, it has been affected. The Company has been included in requests for documents related to Congressional and regulatory investigations, with which it is fully cooperating. In addition, PGE was included among those Enron entities suspended from contracting with the federal government. The suspension, which expired in March 2003, had no material adverse effect on PGE business or operations.

In addition to the general effects discussed above, PGE may have potential exposure to certain liabilities and asset impairments as a result of Enron's bankruptcy. These are:

1. **Amounts Due from Enron and Enron-Supported Affiliates in Bankruptcy** - As described in Note 4, Related Party Transactions, in the Notes to Financial Statements, PGE is owed approximately $82 million (including accrued interest) by Enron at March 31, 2003 (Merger Receivable). Such amount was to have been paid by Enron to PGE for price reductions granted to customers, as agreed to by Enron at the time it acquired PGE in 1997. Because of uncertainties associated with Enron's bankruptcy, PGE has established a reserve for the entire amount of this receivable, of which $74 million was recorded in December 2001. On October 15, 2002, PGE submitted proofs of claim to the Bankruptcy Court for amounts owed PGE by Enron and other bankrupt Enron subsidiaries, including $73 million for the Merger Receivable balance as of December 2, 2001, the date of Enron's bankruptcy filing. In addition, due to uncertainties associated with other receivable balances from Enron subsidiary companies which are part of the bankruptcy proceedings, a reserve has been established for the entire $2 million remaining balance of such receivables at March 31, 2003.

2. **Controlled Group Liability** - Enron's bankruptcy has raised questions regarding potential PGE liability for certain employee benefit plans and tax obligations of Enron.

Pension Plans

Funding Status

The pension plan for the employees of PGE (the PGE Plan) is separate from the Enron Corp. Cash Balance Plan (the Enron Plan). Although at December 31, 2002 the total fair value of PGE Plan assets was $16 million lower than the projected benefit obligation on a SFAS No. 87 (Employers' Accounting for Pensions) basis, the PGE Plan remains over-funded on an accumulated benefit obligation basis by about $30 million. Enron's management has informed PGE that, as of December 31, 2002, the assets of the Enron Plan were less than the present value of all accrued benefits by approximately $52 million on a SFAS No. 87 basis and approximately $182 million on a plan termination basis. Further, Enron's management has informed PGE that the PBGC has filed claims in the Enron bankruptcy cases. The claims are duplicative in nature, representing unliquidated claims for PBGC insurance premiums (the "Premium Claims") and unliquidated claims for due but unpaid minimum funding contributions (the "Contribution C laims") under the Internal Revenue Code of 1986, as amended (the "Tax Code") 29 U.S.C. Section 1082 and claims for unfunded benefit liabilities (the "UBL Claims"). Enron and the relevant sponsors of the defined benefit plans are current on their PBGC premiums and their contributions to the pension plans. Therefore, Enron has valued the Premium Claims and the Contribution Claims at $0. The total amount of the UBL Claims is $305.5 million (including $271 million for the Enron Plan, and $24.8 million for the PGE Plan). In addition, Enron management has informed PGE that the PBGC has informally alleged in pleadings filed with the Bankruptcy Court that the UBL claim related to the Enron Plan could increase by as much as 100%. PBGC has provided no support (statutory or otherwise) for this assertion and Enron management disputes the validity of any such claim.

It is permissible, subject to applicable law, for separate pension plans established by companies in the same controlled group to be merged. Enron could direct that the PGE Plan be merged with the Enron Plan. If the plans were merged, any excess assets in the PGE Plan would reduce the deficiency in the Enron Plan. However, if the plans are not merged, the deficiency in the Enron Plan could become the responsibility of the PBGC, which insures pension plans, including the PGE Plan and the Enron Plan, and the PGE Plan's surplus would be undiminished. Merging the plans would reduce the value of PGE, the stock of which is an asset available to Enron's creditors. PGE's management believes that it is unlikely that either Enron or Enron's creditors would agree to support merging the two plans.

Enron cannot itself terminate the Enron Plan while it is underfunded unless it provides at least 60 days notice and the PBGC, in the case of solvent entities, or the Bankruptcy Court, in the case of insolvent entities, determines that each member of Enron's controlled group, including PGE, is in financial distress, as defined in ERISA. In the opinion of management, PGE is a solvent entity that does not meet the financial distress test. Consequently, management believes that it is unlikely that Enron can unilaterally terminate the Enron Plan while it is underfunded. However, Enron could, with consent of the PBGC (see discussion below), seek to terminate the Enron Plan while it is underfunded. Moreover, if it satisfies certain statutory requirements, Enron can commence a voluntary termination by fully funding the Enron Plan, in accordance with the Enron Plan terms, and terminating it in a "standard" termination in accordance with ERISA.

The PBGC does have the authority, either by agreement with the plan administrator or upon application to and approval by a Federal District Court, to terminate and take over control of underfunded pension plans in certain circumstances. In order to initiate this process, the PBGC must determine that either the minimum funding standard for the plan (see discussion below) has not been met, or that the plan will not be able to pay benefits when due, or that there is a reasonable risk that long-run losses to the PBGC will be unreasonably increased or that certain distributions have been made from the plan. The court must determine that plan termination is necessary to protect participants, the plan, or the PBGC.

Upon termination of an underfunded pension plan, all members of the controlled group of the plan sponsor become jointly and severally liable for the underfunding, but are not obligated to pay until a demand for payment is made by the PBGC. The PBGC can demand payment from one or more of the members of the controlled group. If payment of the full amount demanded is not made, a lien in favor of the PBGC automatically arises against all of the assets of each member of the controlled group. The amount of the lien is equal to the lesser of the underfunding or 30% of the aggregate net worth of all controlled group members. The PBGC may perfect the lien by appropriate filings. PGE management believes that the lien does not take priority over other previously perfected liens on the assets of a member of the controlled group. Substantially all of PGE's assets are subject to a prior perfected lien in favor of the holders of its First Mortgage Bonds. Management believes that any lien asserted b y the PBGC would be subordinate to that lien.

PGE management has been informed by Enron management that on November 15, 2002, Enron informed its employees that it is taking steps to terminate the Enron Plan. As an initial step in terminating the Enron Plan, Enron amended the Enron Plan to cease monthly accruals effective January 1, 2003, so that only interest credits would accrue after that date. Enron also informed its employees that it intends to seek the approval of its Unsecured Creditors' Committee and the U.S. Bankruptcy Court to fully fund and then terminate the Enron Plan in a standard termination. Approval to terminate the Enron Plan also will be requested from the PBGC and the IRS. Enron informed its employees that, if approved, the termination process could take 12 months or longer.

PGE management believes that the proposal to fully fund the Enron Plan and terminate it in a standard termination, if approved and consummated, should eliminate any need for the PBGC to attempt to collect from PGE any liability related to the termination of the Enron Plan. There can be no assurance at this time that the funding and termination will be approved by the Unsecured Creditors' Committee or the Bankruptcy Court or that, upon such approval, Enron will have the ability to obtain funding on acceptable terms.

If the PBGC did look solely to PGE to pay any underfunded amount in respect of the Enron Plan, PGE would exercise all legal rights, if any, available to it to defend against such a demand and to recover any contributions from the other solvent members of Enron's controlled group. Until the Enron Plan is terminated and the PBGC makes a demand on PGE to pay some or all of any underfunded amount, PGE has no liability for the underfunded amount and no termination liens arise against any PGE property. Other members of Enron's controlled group could, to the extent of any legal rights available to them, seek contribution from PGE for their payment of any underfunded amount assessed by the PBGC. No reserves have been established by PGE for any amounts related to this issue.

Minimum Funding Obligation

If the sponsor of a pension plan does not timely satisfy its minimum funding obligation to the pension plan, once the aggregate missed amounts exceed $1 million, a lien in the amount of the missed funding automatically arises against the assets of every member of the controlled group. The lien is in favor of the plan, but may be enforced by the PBGC. The PBGC may perfect the lien by appropriate filings. PGE management believes that the lien would not take priority over other previously perfected liens on the assets of a member of the controlled group. If Enron does not timely satisfy its minimum funding obligation in excess of $1 million, a lien will arise against the assets of PGE and all other members of the Enron controlled group. The PBGC would be entitled to perfect the lien and enforce it in favor of the Enron Plan against the assets of PGE and other members of the Enron controlled group. However, substantially all of PGE's assets are subject to a prior perfected lien in favor of the holders of its First Mortgage Bonds. PGE management believes that any lien asserted by the PBGC would be subordinate to that lien.

Based on discussions with Enron management, PGE management understands that Enron has made all required contributions to date and the next contribution is not due until July 15, 2003. PGE does not know if Enron will make contributions as they become due. Management is unable to predict if Enron will miss a payment and, if so, whether the PBGC would seek to have PGE make any or all of the payment. If the PBGC did look solely to PGE to pay the missed payment, PGE would exercise all legal rights, if any, available to it to defend against such a demand and to recover contributions from the other solvent members of the Enron controlled group. Until Enron misses contributions exceeding $1 million, PGE has no liability and no liens will arise against any PGE property. Other members of Enron's controlled group could, to the extent of any legal rights available to them, seek contribution from PGE for their payment of any missed payments demanded by the PBGC. No reserves have bee n established by PGE for any amounts related to this issue.

Retiree Health Benefits

Under COBRA, retirees of a bankrupt employer who lose coverage under a group health plan of the employer as a result of certain bankruptcy proceedings are entitled to elect continuation of health coverage in a group health plan maintained by the bankrupt employer or a member of its controlled group. PGE management understands, based on discussion with Enron management, that Enron provides a plan for health insurance for certain retirees, and that the actuarial liability for such coverage amounted to approximately $70 million at December 31, 2001 (the most recent date for which information is available). Management further understands that to meet its obligation, Enron had set aside approximately $34 million of assets in a VEBA trust that may be protected under ERISA from Enron's creditors, leaving an unfunded liability of approximately $36 million at December 31, 2001.

In the event that Enron terminates its retiree group health plan, the retirees must be provided the opportunity to purchase continuing coverage from Enron's group health plan, if any, or the appropriate group health plan of another member of the controlled group. Neither Enron nor any member of the controlled group would be required to fully fund the benefit or create new plans to provide coverage, and retirees would not be entitled to choose from which plan to obtain coverage. Retirees electing to purchase COBRA coverage would be provided the same coverage that is provided to similarly situated retirees under the most appropriate plan in the Enron controlled group. Retirees electing to continue coverage would be required to pay for the coverage, up to an amount not to exceed 102% of the cost of coverage for similarly situated beneficiaries. Retirees are not required to acquire coverage under COBRA. Retirees will be able to shop for coverage from third party sources and determine which is the least expensive coverage.

Management believes that in the event Enron terminates retiree coverage, any material liability to PGE associated with Enron retiree health benefits is unlikely for two reasons. First, based on discussion with Enron management, PGE management understands that most of the retirees that would be affected by termination of the Enron plan are from solvent members of the controlled group and few, if any, live in Oregon. Management believes that it is unlikely that any PGE plans would be found to be the most appropriate to provide COBRA coverage. Second, even if a PGE plan were selected, management believes that retirees in good health should be able to find less expensive coverage from other providers, which will reduce the number of retirees electing COBRA coverage. Management believes that the additional cost to PGE to provide coverage to a limited number of retirees that are unable to acquire other coverage because they are hard to insure or have preexisting conditions will not be materi al. No reserves have been established by PGE for any amounts related to this issue.

Income Taxes

Under regulations issued by the U.S. Treasury Department, each member of a consolidated group during any part of a consolidated federal income tax return year is severally liable for the tax liability of the consolidated group for that year. PGE became a member of Enron's consolidated group on July 2, 1997, the date of Enron's merger with PGC. Based on discussions with Enron's management, PGE management understands that Enron has treated PGE as having ceased to be a member of Enron's consolidated group on May 7, 2001 and becoming a member of Enron's consolidated group once again on December 24, 2002. On December 31, 2002, PGE and Enron entered into a tax sharing agreement pursuant to which PGE agreed to make payments to Enron that approximate the income taxes for which PGE would be liable if it were not a member of Enron's consolidated group. As of April 30, 2003, PGE has paid $21 million to Enron under the tax sharing agreement.

Enron's management has provided the following information to PGE:

A. Enron's consolidated tax returns through 1995 have been audited and are closed. Management understands that the IRS has completed an audit of the consolidated tax returns for 1996-2001.

B. For years 1996-1999, Enron and its subsidiaries generated substantial net operating losses (NOLs). For 2000, Enron and its subsidiaries paid an alternative minimum tax. Enron's 2001 consolidated tax return showed a substantial net operating loss, which was carried back to the tax year 2000, for which Enron seeks a tax refund for taxes paid in 2000. The carryback of the 2001 loss to 2000 is expected to provide Enron and its subsidiaries substantial NOLs for any additional income tax liabilities that may result from the negotiation of the claim stemming from the IRS audit for the periods in which PGE was a member of Enron's consolidated federal income tax returns.

C. Enron's 2002 tax return has not yet been filed. As noted in paragraph B. above, Enron expects to have substantial NOLs from operations in years preceding 2002. Enron expects that, in addition to offsetting its income tax liabilities for years before 2002, these NOLs will be sufficient to fully offset Enron's regular and alternative minimum income tax liabilities for 2002 and its regular income tax liability for all subsequent periods through the date of consummation of its plan of reorganization.

D. Enron believes that all of the requirements for re-consolidation of PGE with the Enron consolidated group have been met. However, because of the inherently factual nature of the determination of the re-consolidation, there can be no assurance that the IRS will agree with this position. In the event that the IRS does not agree and the matter is not resolved in the bankruptcy proceeding (or otherwise), PGE will have an administrative expense claim against Enron for any amounts paid by PGE to Enron under the tax sharing agreement. Enron management believes that all administrative expense claims will be paid in full.

   On March 28, 2003, the IRS filed various proofs of claim for taxes in the Enron bankruptcy, including a claim for approximately $111 million in respect to income tax, interest, and penalties for taxable years for which PGE was included in Enron's consolidated tax return. The IRS seeks to apply $63 million in tax refunds admittedly due Enron against these claims. IRS claims for taxes and prepetition interest have a priority over claims of general unsecured creditors, but claims for prepetition penalties have no priority and claims for postpetition interest are not allowable in bankruptcy. The Company, along with other corporations in Enron's consolidated tax returns that are not in bankruptcy, are severally liable for prepetition penalties and postpetition interest, as well as any portion of the claim allowed in the bankruptcy that the IRS does not collect from the debtors.

   Enron's management has informed PGE management that Enron is negotiating with the IRS in an attempt to resolve issues raised by the IRS claims. If the parties do not reach a settlement, the bankruptcy court will decide the actual amount, if any, owed to the government in respect to tax, interest, and penalties.

   To the extent, if any, that the IRS would look to PGE to pay any assessment not paid by Enron, PGE would exercise whatever legal rights, if any, that are available for recovery in Enron's bankruptcy proceeding, or to otherwise seek to obtain contributions from the other solvent members of the consolidated group. As a result, management believes the income tax, interest, and penalty exposure to PGE (related to any future liabilities from Enron's consolidated tax returns during the period PGE was a member of Enron's consolidated returns) would not be material. No reserves have been established by PGE for any amounts related to this issue.

PGE management cannot predict the ultimate outcome of the above matters due to the uncertainties surrounding Enron's bankruptcy.

PGE management cannot predict with certainty what impact Enron's bankruptcy may have on PGE. However, it does believe that the assets and liabilities of PGE will not become part of the Enron estate in bankruptcy. Although Enron owns all of PGE's common stock, PGE as a separate corporation owns or leases the assets used in its business and PGE's management, separate from Enron, is responsible for PGE's day-to-day operations. Regulatory and contractual protections restrict Enron access to PGE assets. Neither PGE nor Enron have guaranteed the obligations of the other. Under Oregon law and specific conditions imposed on Enron and PGE by the OPUC in connection with Enron's acquisition of PGE in the merger of Enron and PGC in 1997 (Merger Conditions), Enron's access to PGE cash or utility assets (through dividends or otherwise) is limited. Under the Merger Conditions, PGE cannot make any distribution to Enron that would cause PGE's equity capital to fall below 48% of total PGE capitalization (excluding short-term borrowings) without OPUC approval. The Merger Conditions also include notification requirements regarding dividends and retained earnings transfers to Enron. PGE is required to maintain its own accounting system as well as separate debt and preferred stock ratings. PGE maintains its own cash management system and finances itself separately from Enron, on both a short- and long-term basis.

PGE management does not believe that there is any incentive for Enron or its creditors to take PGE into bankruptcy. PGE is a solvent enterprise whose greatest value is as a going concern. PGE believes that in a bankruptcy, Enron would lose most, if not all control over PGE. It would become merely the holder of PGE's common stock, and PGE, as a debtor in possession, would be managed by its management or, as is the case with Enron in its bankruptcy, new management brought in for that purpose. As debtor in possession, PGE would owe fiduciary obligations to its creditors. It would be the creditors of PGE, not Enron or the creditors of Enron, that would form a creditors' committee with oversight over the activities of PGE management. PGE believes that any plan of reorganization would be devised by PGE management and subject to confirmation by the Bankruptcy Court after the vote of PGE's (not Enron's) creditors. No dividends could be paid to Enron, no assets could be sold, and no other tr ansfer of funds could be made except with the approval of the Bankruptcy Court after notice to PGE's creditors. Further, PGE would continue to be required to operate its business according to Oregon law, and the OPUC would not be stayed from enforcing its police and regulatory powers. Since the issue of whether a Bankruptcy Court has the authority to supersede state regulation of a utility has not been resolved, PGE believes that the OPUC would challenge any attempt to sell assets, transfer stock, or otherwise affect the activities of PGE without the approval of the OPUC. Any such challenge would likely result in years of litigation and effectively preclude any transfer of stock, assets, or other funds from PGE to Enron or any other party. As a result, PGE believes that the economic interests of Enron and its creditors are better served by pursuing their present course. On September 30, 2002, the Company issued to an independent shareholder a single share of a new $1.00 par value class of Limited Voting Junior Preferred Stock which limits, subject to certain exceptions, PGE's right to commence any voluntary bankruptcy, liquidation, receivership, or similar proceedings without the consent of the shareholder.

Management cannot predict the ultimate outcome of the above matters due to the uncertainties surrounding Enron's bankruptcy. For additional information, see Note 7, Enron Bankruptcy, in the Notes to Financial Statements.

Enron Debtor in Possession Financing

PGE has been informed by Enron management that shortly after the filing of its bankruptcy petition in December 2001, Enron entered into a debtor in possession credit agreement with Citicorp USA, Inc. and JPMorgan Chase Bank. The agreement was

amended and restated in July 2002. PGE management has been advised by Enron management and its legal advisors that, under the amended and restated agreement and related security agreement, all of which were approved by the Bankruptcy Court, Enron has pledged its stock in a number of subsidiaries, including PGE, to secure the repayment of any amounts due under the debtor in possession financing. The pledge will be automatically released upon a sale of PGE otherwise permitted under the terms of the credit agreement. Enron also granted the lenders a security interest in the proceeds of any sale of PGE. The lenders may not exercise substantially all of their rights to foreclose against the pledged shares of PGE stock or to exercise control ov er PGE unless and until the lenders have obtained the necessary regulatory approvals for the transfer of PGE stock to the lenders.

Enron Auction Processes Related to PGE

PGE has been informed by Enron management that the proposal Enron presented to its Unsecured Creditors' Committee on May 3, 2002 to separate certain of Enron's core energy assets, including PGE, from Enron's bankruptcy estate and operate them prospectively as a new integrated power and pipeline company has been withdrawn. Enron continues to pursue the sale of PGE through the auction process that it announced on August 27, 2002. However, Enron has stated that it reserves the right not to sell PGE if the bids received are not deemed fully reflective of its value. A sale of PGE would require the consideration and approval of regulatory agencies, including the OPUC.

Enron management has informed PGE that if PGE is not sold in the auction process, it is anticipated that the shares of PGE stock owned by Enron would be distributed over time to creditors of Enron in connection with Enron's plan of reorganization. It is also anticipated that PGE's stock would be listed on a national stock exchange and would be publicly traded. In connection with the distribution to creditors, it is expected that PGE would be governed by an independent Board of Directors. Until resolution of the bankruptcy case and distribution of the PGE shares, Enron will retain the right to sell PGE if it is determined that a sale would be in the best interest of Enron's stakeholders.

Enron has filed a motion with the Bankruptcy Court to extend the time to file its plan of reorganization to June 30, 2003. Until the plan of reorganization or another filing related to the sale of PGE is filed with the Bankruptcy Court and approved, management cannot assess the impact on PGE's business and operations of a sale or the distribution of PGE's stock to Enron's creditors.

Public Ownership Initiatives

In August 2002, the City Council of Portland, Oregon passed a resolution authorizing the expenditure of up to $500,000 for professional advice regarding the City's potential acquisition of PGE, including possible condemnation of the Company's assets. The City has signed a confidentiality agreement with Enron to permit it to participate in the Enron auction process relating to PGE.

Initiative petitions were circulated in Multnomah County that obtained sufficient signatures to place a measure on an election ballot (expected to be in the fall of 2003) that, if passed, could result in the formation of a Peoples' Utility District (PUD) in Multnomah County. In addition, if this measure succeeds, the expressed intent of its supporters is to hold additional elections to expand the boundaries of the district to include all of PGE's service territory. If a PUD is formed, it would have the authority to condemn PGE's distribution assets within the boundaries of the district. Oregon law prohibits the PUD from condemning thermal generation plants. It is uncertain under Oregon law whether the PUD would be able to condemn PGE's hydro generation plants.

Public hearings, as required by Oregon law, have been held and will continue regarding the proposed PUD. PGE opposes the formation of the PUD and will oppose any efforts to condemn the Company's assets.

Complaints to OPUC

Income Taxes

On March 7, 2003, the Utility Reform Project and Linda K. Williams (Complainants) filed a petition to open an investigation and a complaint with the OPUC with respect to the amount of federal, state, and local income taxes paid by PGE since 1997. On March 31, 2003, the OPUC rejected the request for an investigation, but the complaint remains. On May 8, 2003, PGE filed with the OPUC its answer and a motion to dismiss the complaint.

Limited Voting Junior Preferred Stock

On May 7, 2003, the Utility Reform Project and Linda K. Williams (Complainants) served the OPUC with a complaint filed in Marion County Circuit Court on March 17, 2003 seeking to vacate OPUC Order 02-674 in which the OPUC granted authority to the Company to issue a share of Limited Voting Junior Preferred Stock. The complaint alleges that the OPUC did not follow the proper procedure in issuing the Order. The complaint seeks to have the matter remanded to the OPUC for further proceedings. PGE intends to intervene in the case and oppose the relief sought by the Complainants. For further information, see Note 4, Common and Preferred Stock, in PGE's report on Form 10-K for the year ended December 31, 2002.

Retail Rate Changes

Power Cost Price Decrease - 2003

The OPUC's 2001 general rate order contains a Power Cost Stipulation that requires annual updates of PGE's net variable power costs for inclusion in base rates for the following year. Developed in compliance with guidelines of Oregon's energy restructuring law that allow businesses direct access to energy service suppliers, a Resource Valuation Mechanism (RVM) utilizes a combination of market prices and the value of the Company's resources to establish power costs and set rates for energy services. The RVM process requires that PGE adjust its rates if its projected power costs change from those included in its 2001 general rate case. It provides for an adjustment, filed annually on November 15, which is effective January 1 of the following year.

PGE's first annual revision of its power supply costs under the RVM process forecast a reduction in the cost of power from that utilized in the Company's 2001 general rate case. Accordingly, the OPUC authorized reductions in the Company's retail prices, effective January 1, 2003. Price decreases range from 2% for residential customers to between 9% and 17% for commercial and industrial customers. Rates for business customers are affected more by wholesale energy market prices, which have decreased in the 2003 forecast. The smaller decrease in residential rates reflects the cost of electricity from BPA, which increased its rates in October 2002, as well as PGE's cost of generation. Based upon projected energy sales, it is estimated that such price decreases will reduce PGE's 2003 revenues by approximately $100 million.

Included in the price reduction is the effect of the OPUC's disallowance, based upon a prudence review, of approximately $15 million related to four power purchase contracts, entered into in the first half of 2001, providing 125 megawatts of on-peak delivery in 2003.

The new prices also reflect a resolution regarding the recovery period for PGE's power cost mechanism covering the period October 2001 through December 2002. This amount includes the effect of a settlement stipulation related to estimated 2003 power costs, in which PGE agreed to reduce its recovery under the power cost mechanism by approximately $4.6 million; such reduction was recorded by the Company in 2002.

Power Cost Adjustment Mechanisms

As actual power costs in any year may differ substantially from those costs used in rate determination, the OPUC in 2001 authorized power cost adjustment mechanisms that allowed the Company to defer for later recovery from retail customers actual net variable power costs which differed from certain baseline amounts. Under the initial power cost mechanism, which covered the period January through September 2001, PGE's net variable power costs, as calculated under terms approved by the OPUC, exceeded the baseline. The Company received OPUC approval to recover the approximate $91 million balance (including interest) over a 3 1/2-year period (April 2002 - September 2005). At March 31, 2003, the remaining balance to be collected was approximately $67 million.

In its August 2001 general rate order, the OPUC approved a power cost adjustment mechanism for the period October 2001 through December 2002. Under this mechanism, PGE deferred $41 million in power costs, representing the difference between actual net variable power costs and the amount used to establish base energy rates, as well as the difference between actual energy revenues and a pre-determined base. The deferred amount, subject to a prudence review and audit by the OPUC, is being collected from large industrial customers over a one-year period (2003) and over a two-year period (2003-2004) from all other customer classes. At March 31, 2003, the balance to be collected was approximately $31 million.

Although PGE does not have a power cost adjustment mechanism in place for 2003, the Company has filed with the OPUC an application to defer for later ratemaking treatment increases in power costs related to expected adverse hydro conditions (see "Hydro Replacement Power Costs" below for further information).

Hydro Replacement Power Costs - 2003

A region-wide drought throughout the Pacific Northwest has resulted in adverse hydro conditions for PGE and other utilities, with early forecasts indicating hydro conditions significantly below normal. In anticipation of the effects of such conditions, PGE has begun to acquire replacement power resources for the expected shortfall in hydro-based power, incurring substantially higher variable power costs than those contained in the Company's current rates.

On February 11, 2003, PGE filed with the OPUC an Application for Deferral of Hydro Replacement Power Costs, in which the Company requests authorization to defer for later ratemaking treatment increases in power costs incurred from the application date through December 31, 2003. The Company's application requests authorization for the deferral of 95% of the difference between actual net variable power costs and those allowed in current rates, with interest accrued at PGE's authorized rate of return. As proposed, the deferral would be adjusted for the impact that changes in load would otherwise have on net variable power costs. Although the amount of the deferral would be determined over the course of the year, PGE estimates that the amount could range from $20 million to $60 million. The application is currently pending before the OPUC.

Preliminary Power Cost Filing - 2004

On April 1, 2003, PGE submitted a Resource Valuation Mechanism filing with the OPUC containing an estimate of 2004 power costs based upon preliminary information that will be updated later in 2003. The filing forecasts retail price increases for both residential and nonresidential customers ranging from 2.5 percent to 5 percent, based upon the effect of higher wholesale power, coal, and natural gas prices on PGE's costs. Final adjustments will be determined in November 2003.

Electric Power Industry Restructuring

Oregon's electric energy industry restructuring plan, implemented on March 1, 2002, provides all of PGE's commercial and industrial customers direct access to competing energy suppliers. The RVM document filed by the Company with the OPUC on April 1, 2003 includes proposed changes that will facilitate the ability of such customers to make decisions related to direct access service and electricity pricing options. Residential and small business customers can continue to purchase electricity from a "portfolio" of rate options that include a basic service rate, a time of use rate, and renewable resource rates.

Integrated Resource Plan

In August 2002, PGE filed a new Integrated Resource Plan. In its Plan, PGE describes its strategy to meet the electric energy needs of its customers, with an emphasis on cost, long-term price stability, and supply reliability. The Plan, which considers resource actions over the next two to three years, includes reduced reliance on short-term wholesale power contracts and increased emphasis on longer-term supplies. It also considers future investment in additional generating resources (including upgrades to existing resources), an increase in renewable resources, long-term power purchases, and meeting seasonal peaking requirements through seasonal exchanges, demand-side management, capacity tolling contracts, and combustion turbine development.

PGE filed a supplement to the Plan on February 28, 2003. The OPUC has initiated a schedule for input and review, with an acknowledgement of the Company's Plan, as supplemented, anticipated by mid-2003. PGE then anticipates issuing a request for proposals (RFP) to acquire energy and capacity resources. The Company will continue to evaluate its options with regard to the construction of additional generation, including a 650-MW gas turbine plant adjacent to it's Beaver plant site (Port Westward Generating Project), considering the availability of reasonably priced medium to long-term power purchases from the market. PGE will continue to monitor changes in economic conditions and the effect of restructuring legislation that allows large customers to purchase power directly from electricity service suppliers.

Based upon results of the RFP process, PGE will update its action plan with specific resource recommendations and request acknowledgement that the Company's final action plan is consistent with least cost planning principles established by the OPUC.

Receivables - California Wholesale Market

As of March 31, 2003, PGE has net accounts receivable balances totaling approximately $62 million from the California Independent System Operator (ISO) and the California Power Exchange (PX) for wholesale electricity sales made from November 2000 through February 2001. The Company estimates that the majority of this amount was for sales by the ISO and PX to Southern California Edison Company and Pacific Gas & Electric Company (PG&E).

On March 9, 2001, the PX filed for bankruptcy, and on April 6, 2001, PG&E filed a voluntary petition for relief under the provisions of Chapter 11 of the federal Bankruptcy Code.

PGE is pursuing collection of all past due amounts through the PX and PG&E bankruptcy proceeding and has filed a proof of claim in each of the proceedings. Management continues to assess PGE's exposure relative to its California receivables and has established reserves of $29 million related to this receivable amount, including $11.5 million recorded in the first quarter of 2003. The Company is examining numerous options, including legal, regulatory, and other means to pursue collection of any amounts ultimately not received through the bankruptcy process. Due to uncertainties surrounding both the bankruptcy filings and regulatory reviews of sales made during this time period, management cannot predict the ultimate realization of these receivables.

Management believes that the outcome of this matter will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations for future reporting periods.

Refunds on Wholesale Transactions

California

In a June 19, 2001 order adopting a price mitigation program for 11 states within the WECC area, the FERC referred to a settlement judge the issue of refunds for non federally-mandated transactions made between October 2, 2000 and June 20, 2001 in the spot markets operated by the ISO and the PX.

On July 25, 2001, the FERC issued another order establishing the scope of and methodology for calculating the refunds and ordering an evidentiary hearing proceeding to develop a factual record to provide the basis for the refund calculation. Several additional orders clarifying and further defining the methodology have since been issued by the FERC. Hearings were held in February and March 2002 to determine the appropriate proxy prices to use and which sales were exempt from refunds because they had been made pursuant to orders of the Department of Energy. Further hearings were held in August through October, 2002, to determine the method of calculation of amounts owed to, and refunds owed by, sellers into the California market.

On August 13, 2002, the FERC staff issued a report that included a recommendation that natural gas prices used in the methodology to calculate potential refunds be reduced significantly, which could result in a material increase in the Company's potential refund obligation. The FERC asked for comments on the staff's recommendation, and on October 15, 2002, PGE, along with several other utilities, filed comments with the FERC objecting to the FERC staff's recommendations. Subsequent to the issuance of the FERC's August 13, 2002 report, several companies disclosed that some of their gas traders reported incorrect prices to the firms that report gas indices. In addition, on September 23, 2002, a FERC administrative law judge issued an order in a

complaint case against El Paso Natural Gas Company, finding that El Paso had manipulated the gas market by withholding capacity. Also, in October 2002, a former Vice President and Managing Director of Enron's West Power Trading Division entered a g uilty plea to conspiracy to commit wire fraud in connection with California's energy market.

In December 2002, a FERC administrative law judge issued a certification of facts to the FERC regarding the refunds. Although no final dollar amounts were included in the certification, the recommended methodology indicated a potential refund by PGE of $20 million to $30 million.

Appeals of the FERC orders establishing the refund methodology have been filed and are pending in the Ninth Circuit Federal Court of Appeals. On August 21, 2002 the Ninth Circuit issued an order requiring the FERC to reopen the record to allow the parties to present additional evidence of market manipulation. In compliance with this order, the FERC authorized all parties to conduct further inquiry and to submit additional evidence of market manipulation. PGE responded to data requests from other parties and, in conjunction with other affected utilities, sought information from these parties.

On March 3, 2003, numerous parties filed documents addressing possible market manipulation. The most comprehensive filings were by the California parties. In addition to alleging that the markets were manipulated and that the refund cases should thus be expanded, they alleged that numerous sellers, including PGE, participated in various strategies that affected the market adversely. On March 20, 2003, PGE, both individually and as part of a group of similar utilities, filed responses rebutting the claims of the California parties.

On March 26, 2003, the FERC issued an order in the California refund case (Docket No. EL00-95) adopting in large part the certification of facts of the FERC administrative law judge, issued in December 2002, but modifying the methodology it had previously ordered for the pricing of natural gas in calculating the amount of potential refunds. PGE estimates that the new methodology could increase the amount of the potential refunds by approximately $20 million. Although further proceedings will be necessary to determine exactly how the new methodology will affect the refund liability, the Company now estimates its potential liability to be between $20 million and $50 million.

PGE does not agree with several aspects of the FERC's methodology for determining potential refunds. On April 25, 2003, PGE joined a group of utilities in filing a request for rehearing of various aspects of the March 26, 2003 order, including the repricing of the gas cost component of the proxy price from which refunds are to be calculated.

Pacific Northwest

In the July 25, 2001 order, the FERC also called for a preliminary evidentiary hearing to explore whether there may have been unjust and unreasonable charges for spot market sales of electricity in the Pacific Northwest from December 25, 2000 through June 20, 2001. During that period, PGE both sold and purchased electricity in the Pacific Northwest. In September 2001, upon completion of hearings, the appointed administrative law judge issued a recommended order that the claims for refunds be dismissed. That recommendation, which would eliminate any potential refunds to be paid or received by PGE as a result of this proceeding, is now before the FERC for action.

In December 2002, the FERC re-opened this case to allow parties to conduct further discovery. In coordination with the order in the California refund case (described above), the FERC authorized all parties to conduct further inquiry and to submit additional evidence. PGE responded to data requests from other parties and, in conjunction with other affected utilities, sought information from these parties.

On March 3, 2003, numerous parties filed documents addressing possible market manipulation. The most comprehensive filings were by the City of Tacoma. In addition to alleging that the markets were manipulated and that the refund cases should thus be expanded, they alleged that numerous sellers, including PGE, participated in various strategies that adversely affected the market. On March 20, 2003, PGE, both individually and as part of a group of similar utilities, filed responses rebutting the claims of these parties.

On March 26, 2003, the FERC indicated that it might issue an order to remand the case for a determination of refunds. The remand could include the appointment of a settlement judge or additional hearings to determine refund amounts, if any. At this time, the Company does not know what the order may require or what sanctions may be sought.

Potential Refund Mitigation

The FERC has indicated that any refunds PGE may be required to pay related to California sales can be offset by accounts receivable related to sales in California (as discussed in Note 5, Receivables - California Wholesale Market). As indicated in Note 5, PGE has established reserves of $29 million related to the receivable amount. The FERC has also indicated that interest on both refunds and offsetting accounts receivable will be computed from the effective dates of the applicable transactions; such interest has not yet been recorded by the Company.

In addition, any refunds paid or received by PGE applicable to spot market electricity transactions on and after January 1, 2001 in California and the Pacific Northwest may be eligible for inclusion in the calculation of net variable power costs under the Company's power cost mechanism in effect at the time. This could further mitigate the financial effect of any refunds made or received by the Company.

Management cannot predict the ultimate outcome of these matters. However, it believes that the outcome will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations for future reporting periods.

Show Cause Order

Pursuant to the FERC Staff's Final Report on Price Manipulation in Western Markets, issued in Docket No. PA02-2-000, the FERC indicated, in a press release issued on March 26, 2003, that it intends to issue orders to PGE and 36 other entities that participated in the California wholesale market in 2000 and 2001, requiring that each entity show cause why their behaviors during that time period did not constitute gaming in violation of tariffs issued by the California Independent System Operator (ISO) and the California Power Exchange (PX). The FERC indicated that possible sanctions for any entity found to have violated the tariffs include disgorging unjust profits associated with the violations, or other appropriate remedies. Based on its internal investigations to date, PGE does not believe that it violated ISO or PX tariff provisions.

Wholesale Price Mitigation

In June 2001, the FERC adopted a price mitigation program for the power system serving 11 Western states, adopting a new benchmark formula limiting prices for electricity sold in the spot markets at all times throughout the region through September 2002. The program applied to power generators, marketers, and investor-owned utilities under FERC jurisdiction, as well as public power providers, municipal utilities, and electric cooperatives that use FERC-regulated transmission lines.

Under the program, a ceiling price was set by FERC for wholesale electricity sold in the spot market coordinated by the California Independent System Operator (ISO) and in markets in the other Western states. Such price, initially set at $91.87/MWh, reflected specified fuel, operations, and maintenance costs, and was based upon the bid submitted by the highest cost gas-fired generating unit supplying power during a Stage 1 supply emergency.

In December 2001, the FERC temporarily modified the method for calculating the ceiling price for markets in Western states not coordinated by the ISO, recognizing differences between Northwest and California markets, including those related to hydropower utilization and seasons of peak usage. The changes, including a ceiling price of $108/MWh, were in effect until May 1, 2002, at which time the previous methodology and ceiling price again became effective.

In July 2002, the FERC raised the ceiling price on Western wholesale electricity prices from $91.87/MWh to $250/MWh, effective October 31, 2002. The new ceiling price applies to all sales of electricity in the WECC. In addition to the new price ceiling, the FERC order established conditions and rules guiding participation in Western wholesale electricity markets, including automatic price mitigation procedures to be implemented during periods of tight supplies.

Federal Investigations - Wholesale Power Markets

On February 13, 2002, the FERC initiated a fact-finding investigation into whether any entity manipulated short-term prices in electric energy or natural gas markets in the West, or otherwise exercised undue influence over wholesale prices in the West, since January 1, 2000. On March 5, 2002, all sellers with wholesale sales in the U.S. portion of the WECC were directed to provide certain historical and projected information for all energy transactions in calendar years 2000 and 2001. In April 2002, the Company submitted the requested information. Additionally, on March 15, 2002 the FERC enforcement staff issued a subpoena to Enron, which Enron then forwarded to the Company. In response to this subpoena, the Company provided information related to its trading organization, its trading policies and procedures, its price curves and their derivation, and its trading position reports.

As a result of an internal investigation, PGE discovered that it had failed to properly post on a public web site information about some of its energy transactions with an affiliate, Enron Power Marketing, Inc. The preliminary results of this investigation were disclosed to FERC Staff on April 15, 2002 and final results on August 1, 2002. This issue was subsequently included in the investigation in Docket No. EL02-114-000 described below.

Enron Trading Strategies

In early May 2002, Enron provided memos to the FERC that contained information indicating that Enron, through its subsidiary Enron Power Marketing, Inc. (EPMI), may have engaged in several types of trading strategies that raised questions regarding potential manipulation of electricity and natural gas prices in California in 2000-2001. On May 8, 2002, the FERC ordered all sellers of wholesale electricity or ancillary services into the California markets during 2000-2001 to respond to the FERC whether they engaged in any transactions falling within any of the enumerated types of trading strategies, and, if they did, to provide information about the transactions. Although PGE was not specifically named in the FERC order, on May 22, 2002, PGE voluntarily submitted the results of its investigation to the FERC. The material submitted to FERC did not show any instances where the Company engaged in or knowingly aided deceptive or misleading trading strategies. However, PGE reported that i t was among other intermediaries in a series of trading activities that occurred on 15 days from April through June 2000 where EPMI was found to be at both ends of the transaction chain. The trading transactions identified during the 15-day period moved about 2,300 megawatt hours (0.12%) of the total 2 million megawatt hours traded by PGE on those days, and about 0.02% of the total 13 million megawatt hours traded by PGE during the three-month period. The services provided by PGE may have been used by EPMI as a step in one of the enumerated strategies. In addition, it is conceivable that in the normal course of business, PGE could have provided services to third parties that may have resulted in PGE being used, unknowingly, as an intermediary in partial execution of one or more of the enumerated strategies.

On June 4, 2002, the FERC issued an order to PGE and three other companies to show cause why their authority to charge market-based rates should not be revoked. The order stated that the companies' responses to the FERC's May 8, 2002 data request (discussed above) are indicative of a failure to cooperate with its investigation. On June 14, 2002, PGE filed a response indicating that a thorough review of Company documents again found no evidence of deception or market manipulation by PGE. PGE believes that it has fully cooperated with the FERC's inquiry.

On August 13, 2002, the FERC issued two orders initiating investigations into instances of possible misconduct by PGE and certain other companies. In the first order (Docket No. EL02-114-000), the FERC ordered investigation of PGE and EPMI related to possible violations of their codes of conduct, the FERC's standards of conduct, and the companies' market-based rate tariffs, and whether PGE has cooperated by providing all relevant information related to the FERC's May 8, 2002 data request and June 4 Show Cause Order. In the second order (Docket No. EL02-115-000), the FERC ordered investigation of Avista Corporation and Avista Energy, Inc. (collectively, Avista) with respect to, among other things, transactions in which Avista engaged in or facilitated the trading strategies identified in the Enron memoranda or acted as a middleman with respect to sales of electric energy between PGE and EPMI. PGE and EPMI are included as parties in that Docket. In the orders, the FERC established Octobe r 15, 2002 as the "refund effective date." Issues involving PGE and EPMI in Docket No. EL02-115-000 have now been consolidated into Docket No. EL02-114-000. If PGE were to lose its market-based rate authority, purchasers of electric energy from PGE at market-based rates after the refund effective date could be entitled to a refund of the difference between the market-based rates and cost-based rates deemed just and reasonable by the FERC.

On December 10, 2002, the FERC trial staff released a Revised Statement of Asserted Violations (Revised Statement) and its initial testimony in its investigation of PGE (Docket No. EL02-114-000). The assertions in the Revised Statement and testimony are limited to PGE's self-reported failure to properly post information about some of its energy transactions with EPMI, and alleged violations for affiliate dealings with EPMI relating to a series of transactions that occurred on certain days in April-June 2000, involving PGE, EPMI, and Avista Corporation. The latter transactions were previously reported by PGE to FERC on May 22, 2002 in response to the FERC's May 8, 2002 data request. The trial staff recommended a remedy of revocation of PGE's market-based rate authority for two years, and a requirement that PGE's application for reinstatement of market-based rates include documentation supporting revised procedures to ensure that posting errors and violations of affiliate rules do not occu r again. The City of Tacoma, Washington filed testimony seeking a refund from PGE of $3.2 million. The California Attorney General and the California Public Utilities Commission (California Parties) have filed testimony that PGE should refund amounts to compensate market participants for PGE's alleged unlawful conduct, but the testimony specifies no amount of refunds.

PGE's initial response testimony in Docket No. EL02-114-000 was filed on February 24, 2003. In its testimony, PGE describes the posting errors it self-reported, most of which were technical in nature and may in fact not have been in error. The Company also described the cooperation it has extended to the FERC, the investigative staff, and the trial staff in providing all requested information to aid the investigation. PGE also provided testimony that the April-June 2000 transactions with EPMI did not involve violations of affiliate rules, except for certain posting errors.

The hearing in Docket No. EL02-114-000 is scheduled to begin on June 2, 2003, with an initial decision from the presiding FERC judge scheduled for July 17, 2003. The procedural schedule in Docket No. EL02-115-000 is currently suspended pending further revisions to a settlement proposal submitted between Avista and FERC trial staff.

PGE will continue to cooperate with the investigations. PGE continues to believe that it has fully complied with the FERC investigation initiated on February 13, 2002, and that it has not engaged in deception or market manipulation.

Wash Sales - Electricity

On May 21, 2002, the FERC issued a data request and request for admissions to all sellers of wholesale electricity and/or ancillary services in the U.S. portion of the WECC during the years 2000-2001. Such request ordered sellers to admit or deny engagement in activities referred to as "wash," "round trip," or "sell/buyback" type transactions. Although PGE was not listed in the data request, PGE conducted an investigation and submitted the results in a response to the FERC on May 31, 2002. Such response denied that PGE engaged in trading activities described in the FERC data request to the extent that such activities artificially inflated trading volumes, revenues or market prices. PGE's response also noted that it had no reason or incentive to artificially inflate trading volumes or revenues, as the primary purpose of its wholesale trading operations is to manage risk and reduce costs for its retail customers by balancing load requirements and maximizing the value of owned generat ion and purchase contracts to the extent that available supply exceeds the needs of the Company's firm customers.

Wash Sales - Natural Gas

On May 22, 2002, the FERC issued a data request and request for admissions to all sellers of natural gas in the U.S. portion of the WECC and in Texas during the years 2000-2001. Such request ordered such sellers to admit or deny engagement in activities referred to as "wash," "round trip," or "sell/buyback" type transactions. PGE conducted an investigation and submitted the results in a response to the FERC on June 5, 2002. PGE denies that it engaged in trading activities described in the FERC data request.

Challenge of the California Attorney General to Market-Based Rates

On March 20, 2002, the California Attorney General filed a complaint with FERC against various sellers in the wholesale power market, alleging that the FERC's market-based rates violate the Federal Power Act ("FPA"), and, even if market-based rate requirements are valid, that the quarterly transaction reports filed by sellers do not contain the transaction-specific information mandated by the FPA and the FERC. The complaint argued that refunds for amounts charged between market-based rates and cost-

based rates should be ordered. The FERC denied the challenge to market-based rates and refused to order refunds, but did require sellers, including PGE, to refile their quarterly reports to include transaction-specific data. The California Attorney General appealed the FERC's decision to the Ninth Circuit Court of Appeals.

Other

On June 17, 2002, the U.S. Commodity Futures Trading Commission (CFTC), which regulates futures contracts traded on U.S. exchanges, subpoenaed documents from PGE regarding the Company's electricity and natural gas trading, including any "wash" trading used to inflate revenue and trading volume. PGE forwarded documents previously prepared for the FERC investigation (described above). In addition, PGE has been requested to provide information and documents with respect to various federal and state actions and investigations of Enron. PGE will continue to cooperate to the fullest extent with these investigations.

Antitrust Litigation

In late 2001, numerous individuals, businesses, and California cities, counties, and other governmental entities filed a consolidated Master Complaint in their class action law suits (Wholesale Electricity Antitrust Cases) against various individuals, utilities, generators, traders, and other entities, including Duke Energy Trading and Marketing, LLC; Duke Energy Morro Bay, LLC; Duke Energy Moss Landing, LLC; Duke Energy South Bay, LLC and Duke Energy Oakland, LLC (Duke Parties) and Reliant Energy Services, Inc.; Reliant Ormond Beach, Inc.; Reliant Energy Etiwanda, Inc.; Reliant Energy Ellwood, Inc.; Reliant Energy Mandalay, Inc. and Reliant Energy Coolwater, Inc. (Reliant Parties), alleging that activities related to the purchase and sale of electricity in California in 2000 and 2001 violated California antitrust and unfair competition laws. The complaint seeks, among other things, restitution of all funds acquired by means that violate the law and payment of treble damages, inte rest, and penalties.

The Duke Parties filed a cross complaint against PGE and other utilities, generators, traders and other entities not named in the Wholesale Electricity Antitrust Cases, alleging that they participated in the purchase and sale of electricity in California during 2000-2001 and seeking complete indemnification and/or partial equitable indemnity on a comparative fault basis for any liability that the Court may impose on the Duke Parties under the Wholesale Electricity Antitrust Cases. Legal and equitable relief is sought, with no specific monetary amount claimed. The Reliant Parties have filed a cross complaint against PGE and the other utilities, generators, traders and other entities similar to the cross complaint filed by the Duke Parties. The cases were remanded to Federal Court by certain parties. The parties have stipulated to place the cross complaints in abeyance until 30 days after a ruling on the motions to dismiss the Master Complaint.

On December 13, 2002, a United States District Court signed an order granting the plaintiff's motions to remand the cases to the California state court, but the order was not immediately implemented. The Duke and Reliant Parties filed an appeal to the United States Ninth Circuit Court of Appeals and applied to the District Court for a stay of the remand to the California state court. On January 24, 2003, the District Court denied the application for a stay and set for hearing certain motions for reconsideration. On February 20, 2003, the United States Court of Appeals for the Ninth Circuit issued an Order deciding it had jurisdiction to hear the appeals from the District Court's December 13, 2002 remand order. The Ninth Circuit also issued a stay of the remand order pending the outcome of the appeals and set a briefing schedule that will not be completed until mid-September 2003. As stated above, the cross complaint against PGE will be continued in abeyance until 30 days after a ruling is entered on the motions to dismiss the Master Complaint.

At this time, management is unable to make any assessment of, or determination with respect to, these complaints.

California Attorney General Complaint

In May 2002, the Attorney General of California filed a complaint in state court alleging failure of PGE to comply with the Federal Power Act (FPA) and with the FERC requirements for its market based sales of power in California. The complaint seeks fines and penalties under the California Business and Professions Code for each sale from 1998 through 2001 above a "capped price" or a reasonable price and for each alleged regulatory violation. No specific damage claim is stated. In July 2002, PGE filed a Notice of Removal to U.S. District Court and a Motion to Dismiss on preemptive grounds. The Attorney General moved to remand to state court, which was denied. The Attorney General filed an appeal to the Ninth Circuit Court of Appeals of the denial of the motion to remand, and moved to stay action in the District Court pending the outcome of the appeal. The District Court, finding the appeal frivolous, refused to stay the case. Motions to dismiss the case were argued on Septembe r 26, 2002. On March 25, 2003, the judge dismissed the complaint against PGE. On March 28, 2003, the Attorney General filed a Notice of Appeal with the Ninth Circuit.

Oregon Public Utility Commission Staff Report on Trading Activities

On April 29, 2003, the Staff of the OPUC issued a draft report entitled "Trading Activities by Portland General Electric, PacifiCorp, and Idaho Power Company during the Western Electricity Crisis of 2000-01: Did They Violate Any Oregon Statutes, Rules, or Orders" (Draft Report).

In the Draft Report, the Staff makes two recommendations applicable to PGE: First, that the OPUC affirm that it will hold harmless the customers of PGE, PacifiCorp, and Idaho Power (the Utilities) in the event any penalties are imposed by the FERC or any other authority investigating the trading activities of the Utilities. Second, that the OPUC open a formal investigation of PGE's trading activity in 2000-01. The Staff recommended a two-stage proceeding, with the first stage to address whether PGE mismanaged its trading activities during that period. In the event that the OPUC determined that PGE mismanaged its trading activities, the second stage would address the appropriate relief.

In addition, the Staff recommended that the OPUC delay any decision on an investigation of whether PGE engaged in misconduct with respect to its trading activities until after the FERC issues its decision in its proceeding related to the possible violation by PGE of PGE's code of conduct, the FERC's standards of conduct, and PGE's market-based rate tariffs (Docket No. EL02-114-000). For further information, see "Federal Investigations - Wholesale Power Markets" and "Show Cause Order".

With respect to possible misconduct, the Staff stated that there has been no ruling that any trading activities by PGE broke any federal laws or requirements, and that the effect on the wholesale market of PGE's trading activities currently under investigation by the FERC apparently was small. With respect to possible mismanagement, the Staff stated that it believes that there is a prima facie case that PGE mismanaged certain of its trading activities with an affiliate, EPMI, but acknowledged the case is "not open and shut."

The Draft Report included two other options to the Staff's recommendation. The first option would be to commence a proceeding to determine whether PGE engaged in misconduct and/or mismanagement, with a second proceeding, if needed, to determine what relief, if any, is appropriate. The other option would be to delay any investigation until after the FERC has completed its proceedings.

The Staff requested written comments on the Draft Report by May 21, 2003. The Staff intends to issue its final report in early June 2003 and present its recommendation to the OPUC at that time.

Management does not believe that PGE engaged in any misconduct. In addition, although PGE self-reported to the FERC more than a year ago the failure to post information about certain energy transactions with EPMI, management does not believe that PGE's trading activities with EPMI rise to the level of mismanagement suggested by the Staff. Management cannot at this time predict if the OPUC will conduct an investigation or the possible outcome if an investigation is commenced. However, it believes this matter will not have a material adverse impact on the financial condition or results of operations of the Company.

Trojan Investment Recovery

Due to the closure of the Trojan Nuclear Plant in 1993 and issuance of a 1995 OPUC general rate order in connection with the recovery of and a return on the Trojan investment, numerous legal challenges, appeals, and regulatory actions have taken place. As a result of a settlement agreement that was implemented in 2000, the recovery of the Trojan plant investment is no longer included in rates charged to customers. The Company continues to collect for costs related to the decommissioning of the plant.

Although management cannot predict the ultimate outcome of the related legal challenges, it believes that they will not have a material adverse impact on the financial condition of the Company, but may have a material impact on the results of operations for a future reporting period. For further information, see Note 3, Legal and Environmental Matters, in the Notes to Financial Statements.

Union Grievances

Grievances have been filed by several members of the International Brotherhood of Electrical Workers (IBEW) Local 125, the bargaining unit representing PGE's union workers, with respect to losses in their pension/savings plan attributable to the collapse of the price of Enron's stock. For further information, see Note 3, Legal and Environmental Matters, in the Notes to Financial Statements.

Environmental Matter

A 1997 investigation of a 5.5-mile segment of the Willamette River known as the Portland Harbor, conducted by the EPA, revealed significant contamination of sediments within the harbor. Based upon analytical results of the investigation, the EPA included the Portland Harbor on the federal National Priority List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act (Superfund) in 2000.

In 1999, the DEQ asked that PGE perform a voluntary remedial investigation of its Harborton Substation site to confirm whether any regulated hazardous substances had been released from the substation property into the Portland Harbor sediments. In May 2000, the Company entered into a "Voluntary Agreement for Remedial Investigation and Source Control Measures" (the Voluntary Agreement) with the DEQ, in which the Company agreed to complete a remedial investigation at the Harborton site under terms of the agreement.

In December 2000, PGE received from the EPA a "Notice of Potential Liability" regarding the Harborton Substation facility. The notice included a "Portland Harbor Initial General Notice List" containing sixty-eight other companies that the EPA believes may be Potentially Responsible Parties with respect to the Portland Harbor Superfund Site.

In accordance with the Voluntary Agreement, in March 2001, PGE submitted a final investigation plan to the DEQ for approval. DEQ approved the plan and in June 2001 PGE performed initial investigations and remedial activities based upon the approved investigation plan. The investigations have shown no significant soil or groundwater contaminations with a pathway to the river sediments from the Harborton site.

In February 2002, PGE submitted a final investigation report to the DEQ summarizing its investigations conducted in accordance with the May 2000 Voluntary Agreement. The report indicated that such investigations demonstrated that there is no likely present or past source or pathway for release of hazardous substances to surface water or sediments at or from the Harborton Substation site. Further, the investigations demonstrated that the site does not present a high priority threat to present and future public health, safety, welfare, or the environment. A request has been made to the DEQ for a determination that no further work is required under the Voluntary Agreement.

The EPA is coordinating activities of natural resource agencies and the DEQ and in early 2002 requested and received signed "administrative orders of consent" from several Potentially Responsible Parties, voluntarily committing to further remedial investigations; PGE was not requested to sign, nor has it signed, such an order. Available information is currently not sufficient to determine either the total cost of investigation and remediation of the Portland Harbor or the liability of Potentially Responsible Parties, including PGE.

Management believes that the Company's contribution to the sediment contamination, if any, would qualify it as a de minimis Potentially Responsible Party. Nonetheless, management cannot predict the ultimate outcome of this matter or estimate any potential loss.

Colstrip Project Litigation

On May 5, 2003, Robert & Julie Remington and forty-eight other individuals, unions and businesses filed a suit against PGE and the other owners, designers and operators of the Colstrip coal-fired electric generation plants (Colstrip Project) in Montana alleging that holding and settling ponds at the Colstrip Project have leaked and contaminated groundwater. The plaintiffs allege nuisance, trespass, unjust enrichment, fraud, and negligence, and seek a declaratory judgment of nuisance and trespass, an order that the nuisance be abated, and an unspecified amount for damages, disgorgement of profits, and punitive damages.

Public Utility Holding Company Act of 1935

All of the common stock of PGE is owned by Enron. As the owner of PGE's common stock, Enron is a holding company for purposes of PUHCA. Following Enron's acquisition of PGE in 1997, Enron annually filed on Form U-3A-2 for an exemption from all provisions of PUHCA (except Section 9(a)(2) thereof) under Section 3(a)(1), in accordance with Rule 2 promulgated thereunder. Due to Enron's bankruptcy filing in December 2001, Enron is no longer able to provide necessary financial information needed to file on Form U-3A-2. As a result, in February 2002, Enron filed an application on Form U-1 seeking exemption under Section 3(a)(1). To be eligible for the Section 3(a)(1) exemption it is necessary, among other things, that PGE's utility activities be predominantly intrastate in character.

Following the submission of testimony by the parties to the proceeding, a hearing on Enron's application was held on December 5, 2002. On February 6, 2003, the administrative law judge issued an Initial Decision holding that PGE does not meet the criteria to be predominantly intrastate in character, and denying Enron's application for exemption under 3(a)(1). On February 27, 2003, Enron filed a Petition for Review with the SEC requesting that the SEC review the administrative law judge's Initial Decision, reverse such Initial Decision, and find that Enron is entitled to exemption from PUHCA. Filing of the Petition for Review stays the effect of the Initial Decision until such time as the SEC may act on the Petition for Review. The SEC could act on the Petition for Review at any time. Possible responses of the SEC to the Petition for Review include setting the matter down for further hearings before the full Commission or summarily affirming the Initial Decision. In the event that the Initial Decision is affirmed by the SEC, either summarily or after further hearings, Enron could be required to register as a holding company under PUHCA and PGE would become a subsidiary of a registered holding company.

PUHCA imposes a number of restrictions on the operations of a registered holding company and its subsidiaries, including SEC approval of securities issuances (including those by utility subsidiaries that have not been authorized by the relevant state utility commissions) and engaging directly or indirectly in non-utility businesses. PUHCA also regulates transactions between the affiliates within the holding company system, including the provision of services by holding company affiliates to the system's utilities. If PGE were to become a subsidiary of a registered holding company, it would become subject to regulation by the SEC not only with respect to the acquisition of the securities of other public utilities, but also with respect to, among other things, payment of dividends out of capital and surplus, certain affiliate transactions, issuance of securities, and the acquisition of assets and interests in any other business.

Although PGE is unable to predict whether Enron will retain its status as an exempt holding company, PGE does not believe that becoming a subsidiary of a registered holding company would have a material adverse affect on its financial condition or results of operations. However, the finding that PGE is not an intrastate utility could make it more difficult for any future owner of PGE to obtain a 3(a)(1) exemption from PUHCA.

Information Regarding Forward-Looking Statements

This report contains statements that are forward-looking within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements of expectations, beliefs, plans, objectives, assumptions or future events or performance. Words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will likely result," "will continue," or similar expressions identify forward-looking statements.

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed. PGE's expectations, beliefs and projections are expressed in good faith and are believed by PGE, as applicable, to have a reasonable basis, including without limitation, management's examination of historical operating trends, data contained in records and other data available from third parties, but there can be no assurance that PGE's expectations, beliefs or projections will be achieved or accomplished.

In addition to other factors and matters discussed elsewhere in this report, some important factors that could cause actual results or outcomes for PGE to differ materially from those discussed in forward-looking statements include:

- matters related to Enron and certain of its subsidiaries' filings to initiate bankruptcy proceedings under Chapter 11 of the federal Bankruptcy Code (PGE is not included in the filing);
- events related to Enron's bankruptcy proceedings;
- effects of electric industry restructuring in Oregon and in the United States, including wholesale competition;
- governmental policies and regulatory investigations and actions, including those of the FERC and OPUC with respect to allowed rates of return, financings, electricity pricing and rate structures, acquisition and disposal of assets and facilities, operation and construction of plant facilities, recovery of net variable power costs and other capital investments, and present or prospective wholesale and retail competition;
- changes in weather, hydroelectric, and energy market conditions, which could affect PGE's ability and cost to procure adequate supplies of fuel or purchased power to serve its customers;
- wholesale energy prices (including the effect of FERC price controls) and their effect on the availability and price of wholesale power purchases and sales in the western United States;
- the effectiveness of PGE's risk management policies and procedures and the creditworthiness of customers and counterparties;
- operational factors affecting PGE's power generation facilities;
- changes in, and compliance with, environmental and endangered species laws

  and policies;
- financial or regulatory accounting principles or policies imposed by governing bodies;
- residential, commercial, and industrial growth and demographic patterns in PGE's service territory;
- the loss of any significant customer, or changes in the business of a major customer, that may result in changes in demand for PGE services;
- the ability of PGE to access the capital markets to support requirements for working capital, construction costs, and the repayment of maturing debt;
- capital market conditions, including interest rate fluctuations and capital availability;
- changes in PGE's credit ratings, which could have an impact on the availability and cost of capital;
- acquisition of PGE's assets by eminent domain or by a government entity;
- legal and regulatory proceedings and issues;
- employee workforce factors, including strikes, work stoppages, and the loss of key executives; and,
- general political, economic, and financial market conditions.

Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by law, PGE undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

PGE is exposed to various forms of market risk which include changes in commodity prices, foreign exchange rates and interest rates. These changes may affect the Company's future financial results.

Commodity Price Risk

PGE's primary business is to provide electricity to its retail customers. The Company uses both long- and short-term purchased power contracts to supplement its thermal and hydroelectric generation to respond to seasonal fluctuations in the demand for electricity and variability in generating plant operations. In meeting these needs, PGE is exposed to market risk arising from the need to purchase power and to purchase fuel for its natural gas and coal fired generating units. The Company uses instruments such as forward contracts, which may involve physical delivery of an energy commodity, swap agreements, which may require payments to (or receipt of payments from) counterparties based on the differential between a fixed and variable price for the commodity, options, and futures contracts to mitigate risk that arises from market fluctuations of commodity prices.

Gains and losses from non-trading instruments that reduce commodity price risks are recognized when settled in Purchased Power and Fuel expense, or in Operating Revenues. In addition, Company policy allows the use of these instruments for trading purposes, which may expose the Company to market risks resulting from adverse changes in commodity prices. Under EITF 02-3, gains and losses on such instruments are recognized on a net basis within Operating Revenues on PGE's Income Statement. Valuation of these financial instruments reflects management's best estimates of market prices, including closing NYMEX and over-the-counter quotations, time value, and volatility factors underlying the commitments.

PGE actively manages its risk to ensure compliance with its risk management policies. The Company monitors open commodity positions in its energy portfolios using a value at risk methodology, which measures the potential impact of market movements over a one-day holding period using a variance/covariance approach at a 95% confidence interval. The portfolio is modeled using net open power and natural gas positions, with power averaged over peak and off-peak periods by month, and includes all financial and physical positions for the next 24 months including estimates of retail load and plant generation in the non-trading portfolio. The risk factors include commodity prices for power and natural gas at various locations and do not include volumetric variability. Based on this methodology, the average, high, and low value at risk on the trading portfolio in the first quarter of 2003 was $0.1 million, $0.2 million, and $0.1 million, respectively, and in the first quarter of 2002 was $0.3 mil lion, $0.4 million, and $0.1 million, respectively. The average, high, and low value at risk on the non-trading portfolio in the first quarter of 2003 was $2.3 million, $2.6 million, and $2.0 million, respectively. The value at risk on the non-trading portfolio was not meaningful in the first quarter of 2002 as the majority of the portfolio was effectively accounted for on an accrual or settlements basis. Additionally, PGE had power cost mechanisms in 2002 that allowed the Company to defer, for future ratemaking treatment, actual net variable power costs that differed from certain baseline amounts approved by the OPUC (see "Power Cost Mechanisms" in Item 7. - "Management's Discussion and Analysis of Financial Condition and Results of Operations"). In 2002, PGE did not reduce its non-trading value at risk by the amount of potential deferrals.

Foreign Currency Exchange Rate Risk

PGE faces exposure to foreign currency risk associated with natural gas forward and swap contracts denominated in Canadian dollars, primarily in its non-trading portfolio. Foreign currency risk is the risk of changes in value of pending financial obligations in foreign currencies that could occur prior to the settlement of the obligation due to a change in the value of that foreign currency in relation to the U.S. dollar. PGE monitors its exposure to fluctuations in the Canadian exchange rate with an appropriate hedging strategy. Beginning in 2003, PGE implemented a strategy that utilizes forward contracts to acquire Canadian dollars in order to mitigate its currency exposure.

At March 31, 2003, a 10% change in the value of the Canadian dollar would result in a change in pre-tax income of approximately $0.5 million at the time the transactions settle over the next 21 months. That portion of such change applicable to the remainder of 2003 is not material. Foreign currency risk in PGE's trading portfolio is immaterial to the Company's consolidated financial statements and is not expected to change materially in the near future.

Interest Rate Risk

Although PGE has no short-term debt outstanding at March 31, 2003, the Company is typically exposed to risk resulting from changes in interest rates on variable rate short-term borrowings. The Company has also had exposure to interest rate changes on variable rate commercial paper, which it has recently been unable to issue due to reductions in its credit ratings. Although PGE currently has no financial instruments to mitigate such risk, it will consider such instruments in the future as necessary.

Credit Risk

PGE is exposed to credit risk in its commodity price risk management activities related to potential nonperformance by counterparties. PGE manages the risk of counterparty default according to its credit policies by performing financial credit reviews and setting limits and monitoring exposures, requiring collateral when needed, and using standardized enabling agreements which allow for the netting of positive and negative exposures associated with a counterparty. Despite such mitigation efforts, defaults by counterparties may periodically occur. Valuation allowances are provided for credit risk. Due to the settlement of power contracts in 2002, the Company's exposure to credit risk has decreased significantly.

Risk Management Committee

PGE has a Risk Management Committee, which is responsible for the oversight of commodity position and price risk, foreign currency risk and credit risk related to wholesale energy marketing activities. PGE's Risk Management Committee consists of officers and Company representatives with responsibility for risk management, finance and accounting, legal, rates and regulatory affairs, power operations, and generation operations. The Risk Management Committee approves trading and credit policies and procedures, establishes limits subject to Enron approval, and monitors compliance and risk exposure on a regular basis through reports and meetings.

For further information on price risk management activities, see Note 2, Price Risk Management, in the Notes to Financial Statements.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, within the time periods specified in the Commission's rules and forms, the information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's reports filed or submitted under the Exchange Act.

(b) Changes in Internal Controls. Since the Evaluation Date, there have not been any significant changes in the Company's internal controls or in other factors that could significantly affect such controls.

PART II

Other Information

Item 1. Legal Proceedings

For further information, see PGE's report on Form 10-K for the year ended December 31, 2002.

People of the State of California ex rel. Bill Lockyer, Attorney General v. Portland General Electric Company and Does 1 through 100. Superior Court of the State of California for County of San Francisco. Case No. CGC-02-408493/USDC Northern District of California, Case No. C-02-3318-VRW

On March 25, 2003, the judge dismissed the complaint against PGE. The Attorney General of California has appealed the decision to the United States Court of Appeals for the Ninth Circuit.

Dreyer, Gearhart and Kafoury Bros., LLC v. Portland General Electric Company, Multnomah County Circuit Court Case No. 0301 00779; and Morgan v. Portland General Electric Company, Multnomah County Circuit Court Case No. 03021 00778

On March 24, 2003, PGE was served with two class action suits seeking damages for the inclusion of a return on investment of Trojan in the rates PGE charges its customers. The suits are from the same parties and are identical to the Dreyer, Gearhart and Kafoury Bros., LLC v. Portland General Electric Company (Case No. 03C 10639) and Morgan v. Portland General Electric Company (Case No. 03C 10640) filed in Marion County Circuit Court on January 17, 2003.

Symonds v. Dynegy, Inc. et al. United States District Court Western District of Washington. Case No. CV02-2522

On May 5, 2003, the plaintiffs voluntarily dismissed their complaint.

Citizens' Utility Board of Oregon v. Public Utility Commission of Oregon and Utility Reform Project and Colleen O'Neill v. Public Utility Commission of Oregon, Marion County Oregon Circuit Court, the Court of Appeals of the State of Oregon, the Oregon Supreme Court

On March 13, 2003, the Oregon Court of Appeals denied URP's petition requesting that the Court remand the case to the Marion County Circuit Court.

Robert & Julie Remington, et al v. Northwestern Energy, L.L.C.; PPL Montana, LLC; Puget Sound Energy, Inc.' Avista Energy, Inc.; Pacific Energy GP, Inc.; Pacific Energy Group LLC.; Touch America Holdings, Inc.; Pacificorp; Bechtel Construction Operations Incorporated; Western Energy Company; Portland General Electric Company; and John does 1-20, Montana Second Judicial District, Silver Bow County, Case No. DV 03-88

On May 5, 2003, Robert & Julie Remington and forty-eight other individuals, unions and businesses filed a suit against PGE and the other owners, designers and operators of the Colstrip coal-fired electric generation plants (Colstrip Project) in Montana alleging that holding and settling ponds at the Colstrip Project have leaked and contaminated groundwater. The plaintiffs allege nuisance, trespass, unjust enrichment, fraud, and negligence, and seek a declaratory judgment of nuisance and trespass, an order that the nuisance be abated, and an unspecified amount for damages, disgorgement of profits, and punitive damages.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

(3) Articles of Incorporation and Bylaws

3.1 Copy of Articles of Incorporation of Portland General Electric Company (incorporated by reference to Exhibit (4) to Registration Statement No. 2-78085).

3.2 Certificate of Amendment, dated July 2, 1987, to the Articles of Incorporation limiting the personal liability of directors of Portland General Electric Company (incorporated by reference to Exhibit (3) to Form 10-K for the fiscal year ended December 31, 1987).

3.3 Articles of Amendment to Portland General Electric Company Articles of Incorporation, dated July 8, 1992, for series of Preferred Stock ($7.75 Series) (incorporated by reference to Exhibit (4)(a) to Registration Statement No. 33-46357).

3.4 Articles of Amendment to Portland General Electric Company Articles of Incorporation, dated September 30, 2002, creating Limited Voting Junior Preferred Stock (incorporated by reference to Exhibit (3) to Form 10-Q for the quarterly period ended September 30, 2002).

3.5 Amended and Restated Bylaws of Portland General Electric Company, as amended on December 31, 1999 (incorporated by reference to Exhibit (3) to Form 10-K for the fiscal year ended December 31, 2001).

(4) Instruments defining the rights of security holders, including indentures

Certain instruments defining the rights of holders of other long-term debt of PGE are omitted pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K because the total amount authorized under each such omitted instrument does not exceed 10 percent of the total assets of PGE and its subsidiaries on a consolidated basis. PGE hereby agrees to furnish a copy of any such instrument to the SEC upon request.

(10) Material Contracts

Executive and Director Compensation Plans and Arrangements

10.1 Portland General Electric Company Management Deferred Compensation Plan, dated March 12, 2003 (filed herewith).

10.2 Portland General Electric Company Supplemental Executive Retirement Plan, dated March 12, 2003 (filed herewith).

10.3 Portland General Electric Company Senior Officers' Life Insurance Benefit Plan, dated March 12, 2003 (filed herewith).

10.4 Portland General Electric Company Umbrella Trust for Management, dated March 12, 2003 (filed herewith).

10.5 Portland General Electric Company Outside Directors' Deferred Compensation Plan, dated March 12, 2003 (filed herewith).

10.6 Portland General Electric Company Retirement Plan for Outside Directors, dated

March 12, 2003 (filed herewith).

10.7 Portland General Electric Company Outside Directors' Life Insurance Benefit Plan, dated March 12, 2003 (filed herewith).

10.8 Portland General Electric Company Umbrella Trust for Outside Directors, dated March 12, 2003 (filed herewith).

(99) Additional Exhibits

99.1 Certification of Chief Executive Officer of Portland General Electric Company Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for report on Form 10-Q for the quarterly period ended March 31, 2003 (filed herewith)

99.2 Certification of Chief Financial Officer of Portland General Electric Company Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for report on Form 10-Q for the quarterly period ended March 31, 2003 (filed herewith)

b. Reports on Form 8-K

March 25, 2003 - Item 5. Other Events: Refunds on Wholesale Transactions, Show Cause Order, Complaint to OPUC - Income Taxes, Enron Bankruptcy, Legal Proceedings.

April 8, 2003 - Item 5. Other Event: Financing Activities. Item 7. Financial Statements and Exhibits.

April 29, 2003 - Item 5. Other Event: Oregon Public Utility Commission Staff Report on Trading Activities by Portland General Electric, PacifiCorp, and Idaho Power Company during the Western Electricity Crisis of 2000-01.

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 thereunto duly authorized.

PORTLAND GENERAL ELECTRIC COMPANY

(Registrant)

May 14, 2003	By:	/s/ James J. Piro
		James J. Piro Executive Vice President, Finance Chief Financial Officer and Treasurer

May 14, 2003	By:	/s/ Kirk M. Stevens
		Kirk M. Stevens Controller and Assistant Treasurer

CERTIFICATION OF

CHIEF EXECUTIVE OFFICER

OF PORTLAND GENERAL ELECTRIC COMPANY

I, Peggy Y. Fowler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Portland General Electric Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date:	May 14, 2003		/s/ Peggy Y. Fowler
			Peggy Y. Fowler
			Chief Executive Officer and President

CERTIFICATION OF

CHIEF FINANCIAL OFFICER

OF PORTLAND GENERAL ELECTRIC COMPANY

I, James J. Piro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Portland General Electric Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date:	May 14, 2003		/s/ James J. Piro
			James J. Piro
			Executive Vice President, Finance Chief Financial Officer and Treasurer

EXHIBIT 99.1

CERTIFICATION OF

CHIEF EXECUTIVE OFFICER

OF PORTLAND GENERAL ELECTRIC COMPANY

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE

SARBANES-OXLEY ACT OF 2002

I, Peggy Y. Fowler, Chief Executive Officer and President of Portland General Electric Company (the "Company"), hereby certify that the accompanying report on Form 10-Q for the quarterly period ended March 31, 2003, and filed with the Securities and Exchange Commission on the date hereof pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the "Report") by the Company fully complies with the requirements of that section.

I further certify that the information contained in such report on Form 10-Q for the quarterly period ended March 31, 2003, fairly presents, in all material aspects, the financial condition and results of operations of the Company.

/s/ Peggy Y. Fowler	
Peggy Y. Fowler	
Date:	May 14, 2003

A signed original of this written statement required by Section 906 has been provided to Portland General Electric Company and will be retained by Portland General Electric Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

EXHIBIT 99.2

CERTIFICATION OF

CHIEF FINANCIAL OFFICER

OF PORTLAND GENERAL ELECTRIC COMPANY

PURSUANT TO 18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO SECTION 906 OF THE

SARBANES-OXLEY ACT OF 2002

I, James J. Piro, Chief Financial Officer of Portland General Electric Company (the "Company"), hereby certify that the accompanying report on Form 10-Q for the quarterly period ended March 31, 2003, and filed with the Securities and Exchange Commission on the date hereof pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the "Report") by the Company fully complies with the requirements of that section.

I further certify that the information contained in such report on Form 10-Q for the quarterly period ended March 31, 2003, fairly presents, in all material aspects, the financial condition and results of operations of the Company.

/s/ James J. Piro
James J. Piro

Date:	May 14, 2003

A signed original of this written statement required by Section 906 has been provided to Portland General Electric Company and will be retained by Portland General Electric Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

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PORTLAND GENERAL ELECTRIC COMPANY

MANAGEMENT DEFERRED COMPENSATION PLAN

Effective as of March 12, 2003

TABLE OF CONTENTS

Page

Index of Terms

Exchange Act		
Financial Emergency		
Incentive Compensation		
Indirect Subsidiary		
Interest		
Paid Time Off		
Paid Time Off Cancellation		
Participant		
Participating Employer		
Pension Plan		
PGC		
PGE		
Plan		
Policies		
President		

PORTLAND GENERAL ELECTRIC COMPANY

MANAGEMENT DEFERRED COMPENSATION PLAN

I.

PURPOSE

1. Purpose

The purpose of this Management Deferred Compensation Plan is to provide elective deferred compensation in excess of the limits on elective deferrals under qualified cash or deferred arrangements. It is intended that the Plan will aid in attracting and retaining personnel of exceptional ability.

2. Effective Date

Prior to March 12, 2003, the Portland General Electric Company (the "Company") was a participating employer in the Portland General Holdings, Inc. Management Deferred Compensation Plan ("PGH Plan"). The Company's liabilities under the PGH Plan consisted solely of liabilities attributable to benefits accrued during the time that participants in

the PGH Plan were employed by and reported on the payroll of the Company or World Trade Center Northwest Corporation ("PGE Liabilities"). The Plan is hereby established by the Company effective March 12, 2003, as a successor plan with respect to all of the PGE Liabilities; on March 12, 2003, all of the PGE Liabilities as of the close of business on March 11, 2003, were transferred to the Plan, so that the Company had no remaining liability for the payment of any benefits under the PGH Plan, and all of the PGE Liabilities became the obligation of the Company under the Plan. Further, neither the Plan nor the Company assumes or has any liability f or the payment of any benefits owed by any other participating employers in the PGH Plan, whether by reason of the Plan's establishment, its sponsorship by the Company, the transfer of the PGE Liabilities to the Plan, or otherwise.

Any elections made by Participants under the PGH Plan prior to March 12, 2003 shall continue to be in effect under the Plan.

3. Plan Sponsor

The Plan is adopted for the benefit of selected employees of the Company and selected employees of any corporations or other entities affiliated with or subsidiary to it, if such corporations or entities are selected by the Board. **The Company assumes no liability for the payment of any Plan benefit owed by any other Participating Employer, as defined herein, by reason of accepting Plan sponsorship.**

II.

DEFINITIONS

1. Account

"Account" means the account maintained by a Participating Employer in accordance with ARTICLE IV with respect to any deferral of Compensation pursuant to this Plan.

2. Administrative Committee

"Administrative Committee" means the persons designated by the Board to administer the Plan.

3. Base Salary

"Base Salary" means the Eligible Employee's actual base pay in the pay period and, except as provided herein, excluding any bonuses and/or overtime pay.

4. Beneficiary

"Beneficiary" means the person, persons or entity entitled under Article VII to receive any Plan benefits payable after a Participant's death.

5. Board

"Board" means the Board of Directors of Portland General Electric Company.

6. Bonuses

"Bonuses" means Corporate Incentive Plan Awards, Notable Achievement Awards, and any other form of cash Incentive Compensation explicitly designated as deferrable pursuant to this Plan by the Deferral Election form approved by the Administrative Committee.

7. Change in Control

"Change in Control" means an occurrence in which:

1. Any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Portland General Electric Company ("PGE"), any trustee or other fiduciary holding securities under the employee benefit plan of PGE, or any Employer owned, directly or indirectly, by the stockholders of PGE in substantially the same proportions as their ownership of stock of PGE), is or becomes the "beneficial owner" (as defined in Rule 13d-3) under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGE's then outstanding voting securities; or

2. During any period or two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by PGE's stockholders was approval by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

8. Company

"Company" means Portland General Electric Company, an Oregon corporation.

9. Compensation

"Compensation" means the total of the following, before reduction for elective deferrals under this Plan or a Participating Employer's tax qualified Retirement Savings Plan or any other flexible benefit plan:

1. Base Salary;

2. Bonuses;

3. Any interest on the above payments credited by a Participating Employer for the benefit of an Eligible Employee prior to the date of payment, without respect to any deferral of Compensation made pursuant to this Plan, by a Participating Employer.

Compensation, for purposes of this Plan, may include any new form of cash remuneration paid by a Participating Employer to any Eligible Employee which is explicitly designated as deferrable pursuant to this Plan by the Deferral Election form approved by the Administrative Committee. Compensation for purposes of this Plan, does not include expense reimbursements, imputed income, or any form of noncash compensation or benefits.

10. Compensation Committee

"Compensation Committee" means the Compensation Committee of the Board.

11. Deferral Election

"Deferral Election" means the election completed by Participant in a form approved by the Administrative Committee which indicates Participant's irrevocable election to defer Compensation as designated in the Deferral Election, pursuant to ARTICLE III.

12. Determination Date

"Determination Date" means the last day of each calendar month.

13. Direct Subsidiary

"Direct Subsidiary" means any corporation of which a Participating Employer owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote.

14. Eligible Employee

"Eligible Employee" means an employee of a Participating Employer who:

1. Is exempt;

2. Is not covered by a collective bargaining agreement; and

3. If employed for the entire calendar year, receives or, based on current levels of base pay is expected to receive, Compensation from one (1) or more Participating Employers in the calendar year, in an amount equal to or in excess of the threshold amount described in 2.14-5 below, or

4. If employed for a part of the calendar year, receives or, based on an annualized level of base pay would have received, Compensation from one (1) or more Participating Employers in the calendar year, in an amount equal to or in excess of the threshold amount described in 2.14-5 below. Notwithstanding the above, eligibility is at the discretion of the Administrative Committee.

5. The threshold amount in calendar year 2003 and any subsequent year shall be one hundred and twenty-five thousand dollars ($125,000). Such amount may be adjusted by the Administrative Committee each subsequent calendar year at the same time and in not less than the percentage ratio as the cost of living adjustment in the dollar limit on defined benefits under Section 415(d) of the Internal Revenue Code.

15. Financial Emergency

"Financial Emergency" means a financial need resulting from a serious unforeseen personal or family emergency, such as an act of God, an adverse business or financial transaction, divorce, serious illness or accident, or death in the family.

16. Incentive Compensation

"Incentive Compensation" means payments made to a Participant in recognition of meritorious work performance but shall not include, without limitation, any payment received as moving expense, mortgage expense or mortgage interest reimbursement.

17. Indirect Subsidiary

"Indirect Subsidiary" means any corporation of which a Participating Employer directly and constructively owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote. In determining the amount of stock of a corporation that is constructively owned by a Participating Employer, stock owned, directly or constructively, by a corporation shall be considered as being owned proportionately by its shareholders according to such shareholders' share of voting power of all classes of its stock entitled to vote.

18. Interest

"Interest" means the interest yield computed at the monthly equivalent of an annual yield that is three (3) percentage points higher than the annual yield on Moody's Average Corporate Bond Yield Index for the three (3) calendar months preceding the immediately prior month as published by Moody's Investors Service, Inc. (or any successor thereto), or, if such index is no longer published, a substantially similar index selected by the Board.

19. Paid Time Off

"Paid Time Off" means those vacation and holiday days for which the Employer pays employees for time not worked.

20. Paid Time Off Cancellation

"Paid Time Off Cancellation" means cash payments made in lieu of Paid Time Off earned by an Eligible Employee.

21. Participant

"Participant" means any Eligible Employee who has elected to make deferrals under this Plan.

22. Participating Employer

"Participating Employer" means the Company or any affiliated or subsidiary company designated by the Board as a Participating Employer under the Plan, as long as such designation has become effective and continues to be in effect. The designation as a Participating Employer shall become effective only upon the acceptance of such designation and the formal adoption of the Plan by a Participating Employer. A Participating Employer may revoke its acceptance of designation as a Participating Employer at any time, but until it makes such revocation, all of the provisions of this Plan and any amendments thereto shall apply to the Eligible Employees of the Participating Employer and their Beneficiaries.

23. Pension Plan

"Pension Plan" means the Participating Employer's Pension Plan, as may be amended from time to time, and any successor defined benefit retirement income plan or plans maintained by the Participating Employer which qualify under Section 401(a) of the Internal Revenue Code.

24. Plan

"Plan" means the Portland General Electric Company Management Deferred Compensation Plan, as may be amended from time to time.

25. Policies

"Policies" means any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Participating Employer.

26. President

"President" means the President of the Company.

III.

ELIGIBILITY AND DEFERRALS

1. Eligibility

1. General. An Eligible Employee who has completed one (1) year of continuous employment with one (1) or more Participating Employers shall be eligible to participate by making a Deferral Election under Paragraph 3.2 below. The Administrative Committee shall notify Eligible Employees about the Plan and the benefits provided

under it. The requirement of one (1) year of continuous employment may be waived by the Administrative Committee.

2. Cessation of Eligibility. An Eligible Employee who ceases to be an employee of a Participating Employer or to satisfy condition 2.14-1, 2.14-2 or 2.14-3 of the definition of Eligible Employee shall cease participating as to new deferrals immediately.

2. Deferral Elections

1. Time of Elections. An Eligible Employee may elect to participate in the Plan with respect to any Compensation and/or Paid Time Off Cancellation designated in a Deferral Election in a form approved by the Administrative Committee. The Deferral Election must be filed with the Administrative Committee no later than December 15, or such shorter period as is designated in the Deferral Election form. A Deferral Election for a new form of cash remuneration may be made at such other time before a Participant becomes entitled to receipt thereof, as may be approved by the Administrative Committee.

2. Mid-Year Eligibility. If an individual first becomes eligible to participate during a calendar year and wishes to defer Compensation and/or Paid Time Off Cancellation during the remainder of the year, a Deferral Election may be filed no later than thirty (30) days following notification of eligibility to participate to the individual by the Administrative Committee. Such Deferral Election shall be effective only with regard to Compensation and/or Paid Time Off Cancellation earned after it is filed with the Administrative Committee.

3. Irrevocability. A Deferral Election for the following calendar year shall become irrevocable on the December 15 by which it is due under Paragraph 3.2-1 and a Deferral Election for the current calendar year shall become irrevocable upon filing with the Administrative Committee under Paragraph 3.2-2.

4. Transfer to a Participating Employer. If a Participant transfers employment from one (1) Participating Employer to another Participating Employer, the Participant's Deferral Election shall remain in effect for the remainder of the calendar year with respect to Compensation earned by the individual after the transfer to the new Participating Employer.

3. Limits on Elective Deferrals

A Participant may elect to defer up to eighty percent (80%) of Base Salary and up to one hundred percent (100%) of Bonuses or form of cash remuneration as approved by the Administrative Committee. The level of deferral elected in either case must be in one percent (1%) increments. A Participant may elect to defer up to one hundred twenty (120) hours per year of Paid Time Off in one-tenth (1/10) hour increments, but may not defer any Paid Time Off earned in prior calendar years, or the first two hundred (200) hours of Paid Time Off earned in the calendar year to which the Deferral Election relates.

4. Matching Contributions

The Participating Employer shall provide a matching contribution for each Participant who is making deferrals of Base Salary under this Plan. The matching contribution shall be three percent (3%) of the Participant's annual elective Base Salary deferral under this Plan. For purposes of this provision, Base Salary shall not include amounts received as a Nuclear Regulatory Commission licensing bonus.

5. Welfare Benefits

Compensation deferred under this Plan shall constitute compensation for purposes of any welfare plans, (as defined by the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), sponsored by the Participating Employer.

3.6 Nonduplication of Benefits

The PGE Liabilities shall be payable under this Plan, but no benefits shall be earned under this Plan which duplicate benefits earned under the PGH Plan.

IV.

DEFERRED COMPENSATION ACCOUNT

1. Crediting to Account

The amount of the elective deferrals and matching contributions for a Participant under this Plan shall be credited to an Account for the Participant on the books of the Participating Employer at the time the Compensation would have been paid in cash. Any taxes or other amounts due from the Participant with respect to the deferred Compensation under federal, state or local law, such as a Participant's share of FICA, shall be withheld from nondeferred Compensation payable to the Participant at the time the deferred amounts are credited to the Account. If at the time of such credit,

there is not sufficient nondeferred compensation to make the required tax withholding, the amount deferred shall be reduced to allow the Company to comply with the tax withholding required.

2. Determination of Accounts

The last day of each calendar month shall be a Determination Date. Each Participant's Account as of each Determination Date shall consist of the balance of the Account as of the immediately preceding Determination Date, plus the Participant's elective deferrals, matching contributions, and Interest credited under this Plan, minus the amount of any distributions made from this Plan since the immediately preceding Determination Date. Interest credited shall be calculated as of each Determination Date based upon the average daily balance of the Account since the preceding Determination Date.

3. Vesting of Accounts

Account balances in this Plan shall be fully vested at all times.

4. Statement of Accounts

The Administrative Committee shall submit to each Participant, after the close of each calendar quarter and at such other times as determined by the Administrative Committee a statement setting forth the balance of the Account maintained for the Participant.

V.

PLAN BENEFITS

1. Benefits

1. Entitlement to Benefits at Termination. Benefits under this Plan shall be payable to a Participant on termination of employment with all Participating Employers, or on such subsequent date elected by a Participant and approved by the Administrative Committee on the Participant's Deferral Election. The amount of the benefit shall be the balance of the Participant's Account including Interest to the date of payment, in the form elected under Paragraph 5.3 below.

   Notwithstanding the above, if a Participant transfers employment from a Participating Employer to an affiliate of the Company, including subsidiaries and joint venture partners, the status of which shall be determined at the discretion of the Administrative Committee, the Participating Employer shall continue to maintain the Participant's Account pursuant to ARTICLE IV. Benefits shall be payable to such Participant under this section or Section 5.1-2 below in the case of such employment by an affiliated company, when the Participant is no longer employed by any affiliated company, as determined at the discretion of the Administrative Committee.

2. Entitlement to Benefits at Death. Upon the death of a Participant for whom an Account is held under this Plan, a death benefit shall be payable to the Participant's Beneficiary in the same form as the Participant elected for payments at termination of employment, under Paragraph 5.3 below. The amount of the benefit shall be the balance of the Participant's Account including Interest to the date of payment.

2. Withdrawals for Financial Emergency

A Participant may withdraw part or all of the Participant's Account for a Financial Emergency as follows:

1. Determination. The existence of a Financial Emergency and the amount to be withdrawn shall be determined by the Administrative Committee.

2. Suspension. A Participant who makes a withdrawal for Financial Emergency from any company-sponsored deferral plan, whether qualified or nonqualified, shall be suspended from participation in this Plan for twelve (12) months from the date of such withdrawal. Compensation and/or Paid Time Off Cancellation payable during such suspension that would have been deferred under this Plan shall instead be paid to the Participant. No matching contribution shall be credited to a Participant's Account under this Plan during any period of suspension.

3. Form of Benefit Payment

1. The Plan benefits attributable to the elective deferrals for any calendar year shall be paid in one (1) of the forms set out below, as elected by the Participant in the form of payment designation filed with the Deferral Election for that year. The forms of benefit payment are:

   a. A lump-sum payment;

   b. Monthly installment payments in substantially equal payments of principal and Interest over a period of up to one hundred eighty (180) months. The amount of the installment payment shall be redetermined on the

first day of the month coincidental with or next following the anniversary of the date of termination each year, based upon the then current rate of Interest, the remaining Account balance, and the remaining number of payment periods; or

c. For Participants designated by the President to the Administrative Committee, monthly installment payments over a period of up to one hundred eighty (180) months, consisting of interest only payments for up to one hundred twenty (120) months and principal and interest payments of the remaining Account balance over the remaining period. The amount of the installment payment shall be redetermined on the first day of the month coincidental with or next following the anniversary of the date of termination each year, based upon the then current rate of Interest, the remaining Account balance, and the remaining number of payment periods.

d. In the event the account balance is ten thousand dollars ($10,000) or less, that benefit will be paid out in a lump sum notwithstanding the form of benefit payment elected by the Participant.

2. A Participant may elect to file a change of payment designation which shall supersede all prior form of payment designations with respect to the Participant's entire Account. The Participant may redesignate a combination of lump sum and monthly installments if approved by the Administrative Committee. If, upon termination, the Participant's most recent change of payment designation has not been in effect for twelve (12) full months prior to such termination, then the prior election shall be used to determine the form of payment. The Administrative Committee may, in his sole discretion, direct that plan benefits be paid pursuant to the change of payment designation, notwithstanding the twelve (12) month requirement.

3. Participants designated by the President to the Administrative Committee may elect to file a change of payment designation which shall supersede all prior form of payment designations with respect to the Participant's entire Account. The Participant may redesignate monthly installment payments over a period of up to one hundred eighty (180) months, consisting of interest only payments for up to one hundred twenty (120) months and principal and interest payments of the remaining Account balance over the remaining period. To be effective, such designation must be approved by the President and the Administrative Committee. If, upon termination, the Participant's most recent change of payment designation has not been in effect for twelve (12) full months prior to such termination, then the prior election shall be used to determine the form of payment. The Administrative Committee may, in his sole discretion, direct that Plan benefits be paid pursuant to the change of payment des ignation, notwithstanding the twelve (12) month requirement.

4. Accelerated Distribution

Notwithstanding any other provision of the Plan, a Participant shall be entitled to receive, upon written request to the Administrative Committee, a lump-sum distribution of all or a portion of the vested Account balance, subject to the following:

1. Penalty.

a. If the distribution is requested within thirty-six (36) months following a Change in Control, six percent (6%) of the account shall be forfeited and ninety-four percent (94%) of the account paid to the Participant.

b. If the distribution is requested at any time other than that in (i) above, ten percent (10%) of the account shall be forfeited and ninety percent (90%) of the account paid to the Participant.

2. Suspension. A Participant who receives a distribution under this section shall be suspended from participation in this Plan for twelve (12) calendar months from the date of such distribution. All eligibility requirements must be met to reenter the Plan. The account balance shall be as of the Determination Date immediately preceding the date on which the Administrative Committee receives the written request. The amount payable under this section shall be paid in a lump sum within sixty-five (65) days following the receipt of the Participant's written request by the Administrative Committee.

5. Withholding; Payroll Taxes

Each Participating Employer shall withhold from payments made hereunder any taxes required to be withheld from a Participant's wages for the federal or any state or local government. Withholding shall also apply to payments to a Beneficiary unless an election against withholding is made under Section 3405(a)(2) of the Internal Revenue Code.

6. Commencement of Payments

Payment shall commence at the discretion of the Administrative Committee, but not later than sixty-five (65) days after the end of the month in which a Participant retires, dies or otherwise terminates employment unless the Participant's Deferral Election, approved by the Administrative Committee, provides for a later commencement date. All payments shall be made as of the first day of the month.

7. Full Payment of Benefits

Notwithstanding any other provision of this Plan, all benefits shall be paid no later than one hundred eighty (180) months following the date payment to a Participant commences.

8. Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Administrative Committee may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Administrative Committee may require proof of incompetency, minority, incapacity or guardianship as he may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Administrative Committee, the Participating Employer, and the Company from all liability with respect to such benefit.

VI.

RESTORATION OF PENSION PLAN BENEFITS

1. Pension Plan

If a Participating Employer maintains a tax qualified Pension Plan for the benefit of eligible employees, and the Pension Plan provides benefits determined under a formula that is based in part on the employee's nondeferred compensation, a Participant in this Plan may receive a smaller benefit under the Pension Plan as a result of electing deferrals under this Plan.

2. Restoration of Pension Plan Benefits

In addition to the benefits payable under Paragraph 5.1 above, Participating Employer shall pay to any Participant whose Pension Plan benefit is not restored under any other employee or executive benefit plan maintained by Participating Employer, a benefit payment equal to the excess of (b) over (a) as follows:

(a) The actuarial equivalent lump sum present value of the retirement income (or death benefit) payable (either immediately or deferred) under the Pension Plan; and

a. the actuarial equivalent lump sum present value of the retirement income (or death benefit) that would have been payable under the Pension Plan if Participant had made no Deferral Elections in any calendar year under this Plan or under the Portland General Holdings, Inc. Management Deferred Compensation Plan.

The actuarial equivalent lump sum present values shall be calculated in the same manner and using the same factors as are used to calculate lump-sum distributions under the Pension Plan. If Participant terminates employment prior to attaining the age of fifty-five (55), payment of the restoration of Pension Plan benefits shall be made as if Participant had made a lump-sum election pursuant to Paragraph (a) above with respect to the payment of the restoration of Pension Plan benefits. If Participant terminates employment upon or after attaining the age of fifty-five (55), payment of the restoration of Pension Plan benefits shall be made as if Participant had made an election to receive monthly installment payments in substantially equal payments of principal and Interest over a period of one hundred twenty (120) months pursuant to Paragraph 5.3-1(b) above with respect to the payment of the restoration of Pension Plan benefits. In the event the actuarial equivalent lump sum present value is ten thousand dollars ($10,000) or less, that benefit will be paid out in a lump sum.

1. Restoration of Pension Plan Benefits in Event of Change in Control

In the event of a Change in Control, and a subsequent termination of the Pension Plan within three (3) years following a Change in Control, all Plan Participants shall receive a restoration of Pension Plan benefits under Paragraph 6.2.

I.

BENEFICIARY DESIGNATION

1. Beneficiary Designation

Each Participant shall have the right, at any time, to designate one (1) or more persons or entities as the Participant's Beneficiary, primary as well as secondary, to whom benefits under this Plan shall be paid in the event of the Participant's death prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Administrative Committee and will be effective only when filed with the Administrative Committee during the Participant's lifetime.

2. Amendments

Any Beneficiary designation may be changed by a Participant without the consent of any Beneficiary by the filing of a new Beneficiary designation with the Administrative Committee. If a Participant's Compensation is community

property, any Beneficiary designation shall be valid or effective only as permitted under applicable law.

3. No Beneficiary Designation

In the absence of an effective Beneficiary designation, or if all Beneficiaries predecease a Participant, the Participant's estate shall be the Beneficiary. If a Beneficiary dies after a Participant and before payment of benefits under this Plan has been completed, the remaining benefits shall be payable to the Beneficiary's estate.

4. Effect of Payment

Payment to the Beneficiary shall completely discharge the Participating Employer's obligations under this Plan.

II.

ADMINISTRATION

1. Administrative Committee; Duties

This Plan shall be administered by a Administrative Committee appointed by the Board. The members of the Administrative Committee may be Participants under this Plan. The Administrative Committee shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of this Plan as may arise in connection with the Plan. The Administrative Committee shall report to the Compensation Committee on an annual basis regarding Plan activity, and at such other times as may be requested by the Compensation Committee.

2. Agents

In the administration of this Plan, the Administrative Committee may, from time to time, employ agents and delegate to such agents, including employees of any Participating Employer, such administrative duties as it sees fit, and may from time to time consult with counsel, who may be counsel to any Participating Employer.

3. Binding Effect of Decisions

The decision or action of the Administrative Committee in respect of any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

4. Indemnity of Administrative Committee; Compensation Committee

Each Participating Employer shall indemnify and hold harmless the Administrative Committee, the Compensation Committee, and their individual members against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

5. Availability of Plan Documents

Each Participant shall receive a copy of this Plan, and the Administrative Committee shall make available for inspection by any Participant a copy of the rules and regulations used in administering the Plan.

6. Cost of Plan Administration

The Company shall bear all expenses of administration of this Plan. However, a ratable portion of the expense shall be charged back to each Participating Employer.

III.

CLAIMS PROCEDURE

1. Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan or requesting information under the Plan shall present the request in writing to the Administrative Committee or its delegatee who shall respond in writing as soon as practicable.

2. Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

1. The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

2. A description of any additional material or information required and an explanation of why it is necessary.

3. An explanation of the Plan's claim review procedure.

3. Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Administrative Committee. The claim or request shall be reviewed by the Administrative Committee, who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

4. Final Decision

The decision by the Administrative Committee on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

IV.

AMENDMENT AND TERMINATION OF PLAN

1. Amendment

The Administrative Committee may amend the Plan from time to time as may be necessary for administrative purposes and legal compliance of the Plan, provided, however, that no such amendment shall affect the benefit rights of Participants or Beneficiaries in the Plan. The Compensation Committee may amend the Plan at any time, provided, however, that no amendment shall be effective to decrease or restrict the accrued rights of Participants and Beneficiaries to the amounts in their Accounts at the time of the amendment. Such amendments shall be subject to the following:

1. Preservation of Account Balance. No amendment shall reduce the amount accrued in any Account to the date such notice of the amendment is given.

2. Changes in Interest Rate. No amendment shall reduce the rate of Interest to be credited, after the date of the amendment, on the amount already accrued in any Account or on the deferred Compensation credited to any Account under Deferral Elections already in effect on the date of the amendment.

2. Termination

The board of directors of each Participating Employer may at any time, in its sole discretion, terminate or suspend the Plan in whole or in part for that Participating Employer. However, no such termination or suspension shall adversely affect the benefits of Participants which have accrued prior to such action, the benefits of any Participant who has previously retired, the benefits of any Beneficiary of a Participant who has previously died, or already accrued Plan liabilities between Participating Employers.

3. Payment at Termination

If the Plan is terminated, payment of each Account to a Participant or a Beneficiary for whom it is held shall commence pursuant to Paragraph 5.6, and shall be paid in the form designated by the Participant.

V.

MISCELLANEOUS

1. Unfunded Plan

This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301, and 401 of ERISA, and therefore to be exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Accordingly, the Board may terminate the Plan and commence termination payout under 10.3 above for all or certain Participants, or remove certain employees as Participants, if it is determined by the United States Department of Labor or a court of competent jurisdiction that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA which is not so exempt. This Plan is not intended to create an investment contract, but to provide retirement benefits to eligible individuals who have elected to participate in the Plan. Eligible individuals are select members of management who, by virtue of their position with Participating Employer, are uniquely informed as to Participating Employer's operations and have the ability to materially affect Participating Employer's profitability and operations.

2. Liability

1. Liability for Benefits. Except as otherwise provided in this paragraph, liability for the payment of a Participant's benefit pursuant to this Plan shall be borne solely by the Participating Employer that employs the Participant and reports the Participant as being on its payroll during the accrual or increase of the Plan benefit, and no liability for the payment of any Plan benefit shall be incurred by reason of Plan sponsorship or participation except for the Plan benefits of a Participating Employer's own employees. Provided, however, that each Participating Employer, by accepting the Board's designation as a Participating Employer under the Plan and formally adopting the Plan, agrees to assume secondary liability for the payment of any benefit accrued or increased while a Participant is employed and on the payroll of a Participating Employer that is a Direct Subsidiary or Indirect Subsidiary of the Participating Employer at the time such benefit is accrued or increased. Such liability shall survive any revocation of designation as a Participating Employer with respect to any liabilities accrued at the time of such revocation. Nothing in this paragraph shall be interpreted as prohibiting any Participating Employer or any other person from expressly agreeing to the assumption of liability for a Plan Participant's payment of any benefits under the Plan.

2. Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors, and assigns shall have no secured legal or equitable rights, interest or claims in any property or assets of a Participating Employer, nor shall they be beneficiaries of, or have any rights, claims or interests in any Policies or the proceeds therefrom owned or which may be acquired by a Participating Employer. Except as provided in Section 11.3, such Policies or other assets of a Participating Employer shall not be held under any trust for the benefit of Participants, their Beneficiaries, heirs, successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of a Participating Employer under this Plan. Any and all of a Participating Employer's assets and Policies shall be, and remain, the general, unpledged, unrestricted assets of the Participating Employer. A Participating Employer's obligation under the Plan shall be that of an unfunded and unsecure d promise to pay money in the future.

3. Trust Fund

   At its discretion, each Participating Employer, jointly or severally, may establish one (1) or more trusts, with such trustee as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Participating Employer's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Participating Employer shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by the Participating Employer.

4. Nonassignability

   Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be nonassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

5. Not a Contract of Employment

   The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between a Participating Employer and a Participant, and neither a Participant nor a Participant's Beneficiary shall have any rights against a Participating Employer except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of a Participating Employer or to interfere with the right of a Participating Employer to discipline or discharge a Participant at any time.

6. Protective Provisions

   A Participant will cooperate with a Participating Employer by furnishing any and all information requested by a Participating Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examination as a Participating Employer may deem necessary and taking such other action as may be requested by a Participating Employer.

7. Governing Law

   The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

8. Terms

   In this Plan document, unless the context clearly indicates the contrary, the masculine gender will be deemed to include the female gender, and the singular shall include the plural.

9. Validity

In case any provisions of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10. Notice

Any notice or filing required or permitted to be given to the Administrative Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Administrative Committee or to the Secretary of Participating Employer. Notice to the Administrative Committee, if mailed, shall be addressed to the principal executive offices of Participating Employer. Notice mailed to the Participant shall be at such address as is given in the records of the Participating Employer. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

11. Successors

The provisions of this Plan shall bind and inure to the benefit of each Participating Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of a Participating Employer, and successors of any such corporation or other business entity.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its officers thereunto duly authorized this 19 day of March, 2003.

PORTLAND GENERAL ELECTRIC COMPANY

By: /s/Arleen N. Barnett

Arleen N. Barnett

Its: Vice President

PORTLAND GENERAL ELECTRIC COMPANY

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Effective as of March 12, 2003

TABLE OF CONTENTS

PORTLAND GENERAL ELECTRIC COMPANY

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

I.

PURPOSE

1. Purpose

The principal objectives of this Supplemental Executive Retirement Plan are to provide key executives with competitive retirement benefits, protect against reductions in retirement benefits due to tax law limitations on qualified plans and to facilitate early retirement. The Plan is designed to provide a benefit which, when added to other retirement income of the executive, will meet this objective.

2. Effective Date

Prior to March 12, 2003, the Portland General Electric Company (the "Company") was a participating employer in the Portland General Holdings, Inc. Supplemental Executive Retirement Plan ("PGH SERP"). The Company's liabilities under the PGH SERP consisted solely of liabilities attributable to benefits accrued during the time that participants in the PGH SERP were employed by and reported on the payroll of the Company or World Trade Center Northwest Corporation ("PGE Liabilities"). The Plan is hereby established by the Company effective March 12, 2003, as a successor plan with respect to all of the PGE Liabilities; on March 12, 2003, all of the PGE Liabilities as of the close of business on March 11, 2003, were transferred to the Plan, so that the Company had no remaining liability for the payment of any benefits under the PGH SERP, and all of the PGE Liabilities became the obligation of the Company under the Plan. Further, neither the Plan nor the Company assumes or has any liability for the payment of any benefits owed by any other participating employers in the PGH SERP, whether by reason of the Plan's establishment, its sponsorship by the Company, the transfer of the PGE Liabilities to the Plan, or otherwise.

II.

DEFINITIONS

1. Actuarially Equivalent

"Actuarially Equivalent" shall mean the equivalence in value between two or more forms and/or times of payment based upon a determination by an actuary chosen by the Administrative Committee using sound actuarial assumptions at the time of such determination and applied on a uniform and consistent basis for all Participants.

2. Administrative Committee

"Administrative Committee" shall mean the persons designated by the Board to administer the Plan.

3. Basic Plan

"Basic Plan" shall mean the Participating Employers' Pension Plan or Plans, as may be amended from time to time, and any successor defined benefit retirement income plan or plans maintained by the Participating Employers which qualify under Section 401(a) of the Internal Revenue Code.

4. Basic Plan Offset

"Basic Plan Offset" shall mean the amount of benefit that would be paid from the Basic Plan to a Participant, assuming eligible compensation used to calculate such benefit includes amounts deferred under any Participating Employer sponsored non-qualified deferred compensation plan, in the form of a straight life annuity from the Early, Normal, Disability or Postponed Retirement Date, regardless of the amount actually paid or the actual method of payment under the Basic Plan.

5. Board

"Board" shall mean the Board of Directors of Portland General Electric Company.

6. Cause

"Cause" shall mean:

1. The final conviction (or, without limitation, confession, plea bargain, plea of nolo contendere or similar disposition in a court of law) of a Participant of a felony connected with or related to or which affects the performance of Participant's obligations as an employee of a Participating Employer;

2. Perpetration of fraud against or affecting a Participating Employer; or

3. Misfeasance or malfeasance in connection with a Participant's employment with a Participating Employer.

7. Change in Control

A "Change in Control" shall mean:

1. Any "person," as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Portland General Electric Company ("PGE"), any trustee or other fiduciary holding securities under an employee benefit plan of PGE, or any Employer owned, directly or indirectly, by the stockholders of PGE in substantially the same proportions as their ownership of stock of PGE), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGE's then outstanding voting securities; or

2. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by PGE's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

8. Company

"Company" shall mean Portland General Electric Company, an Oregon corporation.

9. Compensation Committee

"Compensation Committee" shall mean the Compensation Committee of the Board.

10. Credited Service

"Credited Service" shall mean a Participant's Years of Credited Service or Benefit Service as defined in the Basic Plan. A Participant may, at the option of the Compensation Committee, be credited with additional Years of Credited Service. Such additional Years of Service may be for calculation of the benefit under Section 4.1 or Section 4.2 or calculation of the unreduced Benefit Date under Section 4.7 and may be in different amounts for each purpose. "Credited Service" shall also include all periods credited as such under the PGH SERP through March 11, 2003.

11. Dependent

"Dependent" shall mean an unmarried child of the Participant until the age of nineteen (19) (age twenty-six (26) if a full time student). An unmarried child may also qualify as a Dependent by reason of mental retardation or physical handicap for as long as the condition exists, if such child qualifies as a dependent under regulations set forth by the Internal Revenue Service by reason of such mental retardation or physical handicap.

12. Direct Subsidiary

"Direct Subsidiary" shall mean any corporation of which a Participating Employer owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote.

13. Disability

"Disability" shall mean the inability of a Participant to perform with reasonable continuity the material duties of any gainful occupation for which the Participant is reasonably fitted by education, training and experience.

14. Earnings

"Earnings" shall mean total annual base salary, before any reductions pursuant to voluntary deferrals by the employee under Participating Employer-sponsored plans; plus any cash annual incentive compensation awards; plus any cash long-term incentive awards earned prior to January 1, 1987, but excluding any other long-term incentive awards. For purposes of determining Earnings for any particular year, Earnings for the year shall consist of base salary, cash annual incentive compensation awards, and cash long-term incentive awards earned prior to January 1, 1987, earned during that year. "Earnings" shall also include all amounts credited as such under the PGH SERP through March 11, 2003.

15. Employment

"Employment" shall mean the period or periods during which an individual is an employee of one or more Participating Employers. "Employment" shall also include all periods credited as such under the PGH SERP through March 11, 2003.

16. Final Average Earnings

"Final Average Earnings" shall mean a Participant's highest average of any three consecutive years' Earnings during the final ten (10) years of Employment. If the Participant has fewer than three (3) years of Employment, then his Final Average Earnings shall be determined based on the average of the actual Employment period.

17. Final Earnings

"Final Earnings" shall mean the Participant's Earnings for the year ending on the date a Change in Control under Section 2.7 occurs.

18. Indirect Subsidiary

"Indirect Subsidiary" shall mean any corporation of which a Participating Employer directly and constructively owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote. In determining the amount of stock of a corporation that is constructively owned by a Participating Employer, stock owned, directly or constructively, by a corporation shall be considered as being owned proportionately by its shareholders according to such shareholders' share of voting power of all classes of its stock entitled to vote.

19. Other Retirement Income

"Other Retirement Income" shall mean retirement income payable to a Participant as set forth below:

1. For other than Disability Retirement: Any periodic income continuance, severance payments or other defined benefit retirement payments from a Participating Employer.

2. For Disability Retirement: Income from the Portland General Electric Company Long-Term Disability Plan or any other long-term disability plan sponsored by a Participating Employer.

20. Participant

"Participant" shall mean an employee of a Participating Employer who was also a Senior Officer as defined in Section 2.25 and was designated in writing as a Participant by the "Senior Administrative Officer" under the PGH SERP prior to June 25, 1997.

21. Participating Employer

"Participating Employer" shall mean Company or any affiliated or subsidiary company designated by the Board as a Participating Employer under the Plan, as long as such designation has become effective and continues to be in effect. The designation as a Participating Employer shall become effective only upon the acceptance of such designation and the formal adoption of the Plan by a Participating Employer. A Participating Employer may revoke its acceptance of designation as a Participating Employer at any time, but until it makes such revocation, all of the provisions of this Plan and any amendments thereto shall apply to the Participants and their Beneficiaries of the Participating Employer.

22. PGH SERP

"PGH SERP" shall mean the Portland General Holdings, Inc. Supplemental Executive Retirement Plan.

2.23 Plan

"Plan" shall mean the Portland General Electric Company Supplemental Executive Retirement Plan, as may be amended from time to time.

24. Retirement

"Retirement" and "Retire" shall mean the termination of a Participant's Employment with Portland General Electric Company and any and all Direct or Indirect Subsidiaries or affiliates of Portland General Electric Company on one of the Retirement dates specified in Section 3.2.

25. Senior Officer

"Senior Officer" shall mean the Chief Executive Officer, the President, Division Presidents, all Senior Vice Presidents, all Vice Presidents, the Treasurer and the Controller of the Participating Employer, all as elected or appointed by the board of directors of the Participating Employer.

26. Spouse

"Spouse" shall mean an individual who is a spouse as defined under the Basic Plan.

III.

ELIGIBILITY

1. Eligibility

Eligibility to participate shall be limited to those employees who have attained the position of Senior Officer and were designated in writing as a Participant by the "Senior Administrative Officer" under the PGH SERP prior to June 25, 1997, or those employees who have previously been selected as Participants.

2. Retirement

Each Participant is eligible to Retire and receive a benefit under this Plan beginning on one of the following dates:

1. Normal Retirement Date, which is the first day of the month following the month in which the Participant reaches age sixty-five (65);

2. Early Retirement Date, which is the first day of any month following the month in which the Participant reaches age fifty-five (55) and has completed five (5) years of Employment with Portland General Electric Company and any Direct and Indirect Subsidiaries or affiliates of Portland General Electric Company;

3. Postponed Retirement Date, which is the first day of the month following the Participant's Normal Retirement Date in which the Participant terminates Employment with Portland General Electric Company and any and all Direct and Indirect Subsidiaries or affiliates of Portland General Electric Company; or

4. Disability Retirement Date, which is the first day of the month following six (6) months of Disability as certified by the Administrative Committee.

3. Forfeitures

A Participant who is receiving, or may be entitled to receive, a benefit shall forfeit any right to receive benefits if one of the following occurs:

1. The Participant is discharged for Cause, as determined by the Compensation Committee;

2. The Participant performs services for an organization where there is a conflict of interest which is adverse to the Company's interest, as determined by the Compensation Committee; or

3. The Participant voluntarily terminates employment without providing for transition in disregard of the Company's best interests, as determined by the Compensation Committee.

IV.

AMOUNT, FORM AND PAYMENT OF SUPPLEMENTAL BENEFIT

1. Normal Retirement Benefit

The annual benefit payable at a Normal Retirement Date under the Plan shall equal:

1. Three percent (3%) of Final Average Earnings for each of the first fifteen (15) years of Credited Service, plus one and one half percent (1.5%) of Final Average Earnings for each of the next ten (10) years of Credited Service, plus, for service accrued prior to March 1, 1988, three-quarters of one percent (0.75%) for each year of Credited Service in excess of twenty-five (25) (Annual Supplemental Benefit);

a. less any Basic Plan Offset;

b. less any Other Retirement Income.

1. Early Retirement Benefit

1. The annual benefit payable at an Early retirement Date shall equal the Annual Supplemental Benefit based on Credited Service to the Early Retirement Date, reduced in accordance with Section 4.6 as appropriate;

a. less any Basic Plan Offset;

b. less any Other Retirement Income.

1. An additional benefit ("Temporary Social Security Supplement") shall be payable to a Participant who commences benefits on an Early Retirement Date which is prior to the earliest date the Participant is eligible for retirement benefits under the Social Security Act. Such Temporary Social Security Supplement shall not be payable during any period when the Participant is eligible to collect Social Security disability benefits. Such Temporary Social Security Supplement shall equal the Social Security benefit payable at such earliest date based on calculation procedures in the Basic Plan. Such amount shall be payable until the earlier of:

a. the earliest date the Participant is eligible for Social Security retirement benefits; or

b. the Participant's date of death.

1. Separation from Service Benefit

The annual benefit payable at a date of separation from service other than as a result of Retirement or Disability shall equal:

1. Annual Supplemental Benefit based on Credited Service and Final Average Earnings as of the Participant's date of separation from service, reduced in accordance with Section 4.6 as appropriate;

a. less any Basic Plan Offsets;

b. less any Other Retirement Income.

1. The benefit shall commence on the first day of the month following such date that would have constituted an Early Retirement Date had the Participant remained employed.

1. Postponed Retirement Benefit

The annual benefit payable at a Postponed Retirement Date shall be equal to the benefit determined in accordance with Section 4.1 based on Credited Service and Final Average Earnings as of the Participant's Postponed Retirement Date.

2. Retention of Accrued Benefit

In the event a Participant is transferred to an employer who is not a Participating Employer, the benefit payable at Retirement Date shall be calculated based on Credit Service and Final Average Earnings with all Participating Employers and as of the last date of Employment with a Participating Employer. In the event a Participant is transferred to a position other than that of Senior Officer, the benefit payable at Retirement Date shall be calculated based on Credited Service and Final Average Earnings as a Senior Officer as of the last day such Senior Officer status was held with all Participating Employers.

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3. Reduction of Benefits

In the event that a benefit calculated under Sections 4.2 or 4.3 is to commence prior to the Unreduced Benefit Date such benefit shall be reduced by seven-twelfths of one percent (7/12%) for each month by which the date of benefit commencement precedes the Unreduced Benefit Date.

4. Unreduced Benefit Date

"Unreduced Benefit Date" shall mean the earlier of:

1. The first of the month following the date the Participant attains age sixty-two (62), or

2. The earliest date when the sum of the Participant's age and Credited Service would total eighty-five (85) years.

5. Commencement of Benefits

Benefits payable in accordance with Sections 4.1, 4.2 and 4.4 shall commence on the first day of the month following the Participant's Retirement and shall continue to be paid on the first day of each succeeding month until the first day of the month following the later of the death of the Participant or the death of the Participant's Spouse.

6. Form of Benefit

The benefits under this Plan shall be payable as follows:

1. If the Participant is unmarried when benefits begin, a straight life annuity; or

2. If the Participant is married when benefits begin, an annuity in the same amount as 4.9-1 for the life of the Participant and an annuity of fifty percent (50%) of that mount continuing to the Participant's Spouse for the life of Participant's Spouse, if the Participant predeceases the Spouse.

4.10 Nonduplication of Benefits

No benefits shall be earned under this Plan with respect to Credited Service and Earnings taken into account in determining benefits under the PGH SERP. The PGE Liabilities shall be payable under this Plan, but no benefits shall be earned under this Plan which duplicate benefits earned under the PGH SERP.

I.

PRE-RETIREMENT SURVIVOR BENEFITS

1. Survivor Benefit

If a Participant should die before actual Retirement, the Spouse will receive a benefit equal to:

1. Fifty percent (50%) of the amount of the Participant's Annual Supplemental Benefit determined in accordance with Section 4.1, based on the Final Average Earnings at death but assuming Credited Service continued to accrue until Normal Retirement Date;

2. Less any benefits to such Spouse actually payable from the Basic Plan.

2. Benefit Payment

Spouse benefits will be payable monthly, and will commence on the first day of the month following the month in which the Participant dies. The last payment will be on the first day of the month in which the Spouse dies, or such other date pursuant to the provisions of Section 5.4. Payments may commence to eligible Dependents pursuant to Section 5.3.

3. Dependent Benefit

If no eligible Spouse survives the Participant, or if the surviving Spouse who was eligible for payment under this Section dies with eligible Dependents remaining, the benefit determined in Section 5.1 above shall be payable to any eligible Dependents in equal shares. Such monthly benefit shall be paid each Dependent until such person fails to qualify as a Dependent.

4. Cessation of Benefit Upon Remarriage

In the event a Spouse receiving benefits under this Plan remarries, such Spouse will stop receiving, as of the date of remarriage, any further monthly benefits from this Plan (including future benefits to any Dependents). However, in lieu of any further monthly benefits from this Plan, a Spouse will receive six (6) months of benefits in a lump sum within forty-five (45) days after the Administrative Committee is notified of such remarriage.

II.

DISABILITY BENEFITS

1. Disability Retirement

   In the event a Participant suffers a Disability after completing two (2) years of Employment, the Participant shall be entitled to Retire on a Disability Retirement Date.

2. Disability Benefit

   The annual Disability benefit shall be equal to the benefit determined in accordance with Section 4.1, based on projected years of Credit Service to Normal Retirement and based on Final Average Earnings determined as of the last day of Employment with Participating Employer before commencement of Disability.

3. Form and Commencement of Benefits

   Disability benefits will be payable monthly and will commence on the Participant's Disability Retirement Date. The last Disability payment will be as of the first day of the month during which a disabled Participant either recovers, dies or retires under the Basic Plan. In the case of a disabled Participant, recovery will be determined by the Administrative Committee. If the Participant retires under the Basic Plan, retirement benefits shall be payable pursuant to Sections 4.1, 4.2 or 4.4 of this Plan based on years of Credited Service at Retirement date and Final Average Earnings assuming no change in Earnings at his Disability Retirement Date.

4. Survivor and Dependent Benefits

   In the event a disabled Participant dies, the Participant's Spouse and Dependents shall be eligible for Pre-Retirement Survivor Benefits as set out in ARTICLE V.

5. Evidence of Continued Disability

The Administrative Committee may require, no more frequently than once per calendar year, that a disabled Participant submit medical evidence of continued Disability satisfactory to the Administrative Committee. The Disability benefit may be discontinued based on a consideration of such evidence or lack thereof.

III.

ADMINISTRATION

1. Administrative Committee; Duties

   This Plan shall be administered by the Administrative Committee appointed by the Board. Members of the Administrative Committee may be Participants under the Plan. The Administrative Committee shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in connection with the Plan. The Administrative Committee shall report to the Compensation Committee on an annual basis regarding Plan activity and at such other times as may be requested by the Compensation Committee.

2. Agents

   In the administration of this Plan, the Administrative Committee may, from time to time, employ agents and delegate to such agents, including employees of any Participating Employer, such administrative duties as he sees fit, and may from time to time consult with counsel who may be counsel to any Participating employer.

3. Binding Effect of Decisions

   The decision or action of the Administrative Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder

shall be final, conclusive and binding upon all persons having any interest in the Plan.

4. Indemnity of Administrative Committee; Compensation Committee

   Each Participating Employer shall indemnify and hold harmless the Administrative Committee, the Compensation Committee, and their individual members against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

5. Availability of Plan Documents

   Each Participant shall receive a copy of this Plan, and the Administrative Committee shall make available for inspection by any Participant a copy of the rules and regulations used in administering the Plan.

6. Cost of Plan Administration

The Company shall bear all expenses of administration of this Plan. However, a ratable portion of the expense shall be charged back to each Participating Employer.

IV.

CLAIMS PROCEDURE

1. Claim

   Any person claiming a benefit, requesting an interpretation or ruling under the Plan or requesting information under the Plan shall present the request in writing to the Administrative Committee or his delegatee who shall respond in writing as soon as practicable.

2. Denial of Claim

   If the claim or request is denied, the written notice of denial shall state:

   1. The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

   2. A description of any additional material or information required and an explanation of why it is necessary.

   3. An explanation of the Plan's claim review procedure.

3. Review of Claim

   Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Administrative Committee. The claim or request shall be reviewed by the Administrative Committee, who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

4. Final Decision

The decision by the Administrative Committee on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

V.

TERMINATION OR AMENDMENT

1. Amendment

   The Administrative Committee may amend the Plan from time to time as may be necessary for administrative purposes and legal compliance of the Plan, provided, however, that no such amendment shall affect the benefit rights of Participants or Beneficiaries in the Plan. The Compensation Committee may amend the Plan at any time, provided, however, that no amendment shall be effective to decrease or restrict the rights of Participants and Beneficiaries to the benefit accrued at the time of the amendment.

2. Termination

The board of directors of each Participating Employer may at any time, in its sole discretion, terminate or suspend the Plan in whole or in part for that Participating Employer. However, no such termination or suspension shall adversely affect the benefits of Participants which have accrued prior to such action, the benefits of any Participant who has previously retired,

the benefits of any Beneficiary of a Participant who has previously died, or already accrued Plan liabilities between Participating employers.

VI.

MISCELLANEOUS

1. Unfunded Plan

This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301, and 401 of the Employee Retirement Income Security Act of 1974, as amended (ERISA), and therefore to be exempt from the provisions of Parts 2, 3, and 4 of Title I of ERISA. Accordingly, the Board may terminate the Plan, subject to Section 9.2 of this Plan, or remove certain employees as Participants if it is determined by the United States Department of Labor or a court of competent jurisdiction that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA (as currently in effect or hereafter amended) which is not so exempt.

2. Liability

    1. Liability for Benefits. Except as otherwise provided in this section, liability for the payment of a Participant's benefit pursuant to this Plan shall be borne solely by the Participating Employer that employs the Participant and reports the Participant as being on its payroll during the accrual or increase of the Plan benefit, and no liability for the payment of any Plan benefit shall be incurred by reason of Plan sponsorship or participation except for the Plan benefits of a Participating Employer's own employees. Provided, however, that each Participating Employer, by accepting the Board's designation as a Participating Employer under the Plan and formally adopting the Plan, agrees to assume secondary liability for the payment of any benefit accrued or increased while a Participant is employed and on the payroll of a Participating Employer that is a Direct Subsidiary or Indirect Subsidiary of the Participating Employer at the time such benefit is accrued or increased. Such li ability shall survive any revocation of designation as a Participating Employer with respect to any liabilities as accrued at the time of such revocation. Nothing in this section shall be interpreted as prohibiting any Participating Employer or any other person from expressly agreeing to assumption of liability for a Plan Participant's payment of any benefits under the Plan.

    2. Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors, and assigns shall have no secured legal or equitable rights, interest or claims in any property or assets of Participating Employer, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Participating Employer. Except as provided in Section 10.3, such policies, annuity contracts or other assets of Participating Employer shall not be held under any trust for the benefit of Participants, their Beneficiaries, heirs, successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of Participating Employer under this Plan. Any and all of Participating Employer's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of Participating Employer. Participating Employer's obligation under the Plan shall be that of an unfunded and unsecured promise to pay money in the future.

3. Trust Fund

At its discretion, each Participating Employer, jointly or severally, may establish one or more trusts, with such trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of Participating Employer's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, Participating Employer shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by a Participating Employer.

4. Nonassignability

Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be nonassignable and nontransferable. No part of the amount payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgements, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

5. Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Administrative Committee may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Administrative Committee may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Administrative Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Administrative Committee, the Participating Employer and the Company from all liability with respect to such benefit.

6. Not a Contract of Employment

   The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between Participating Employer and the Participant, and the Participant (or the Participant's Beneficiary) shall have no rights against Participating Employer except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of Participating Employer or to interfere with the right of Participating Employer to discipline or discharge a Participant at any time.

7. Protective Provision

   A Participant shall cooperate with Participating Employer by furnishing any and all information requested by Participating Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as Participating Employer may deem necessary and taking such other action as may be requested by Participating Employer.

8. Terms

   In this Plan document, unless the context clearly indicates the contrary, the masculine gender will be deemed to include the feminine gender, and the singular shall include the plural.

9. Governing Law

   The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

10. Validity

    If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

11. Notice

    Any notice or filing required or permitted to be given to the Administrative Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Administrative Committee or the Secretary of the Participating Employer. Notice mailed to the Participant shall be at such address as is given in the records of the Participating Employer. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

12. Successors

The provisions of this Plan shall bind and inure to the benefit of Participating Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of Participating Employer, and successors of any such corporation or other business entity.

IN WITNESS WHEREOF, and pursuant to the resolution of the board, the Company has caused this instrument to be executed by its officers thereunto duly authorized this 19 day of

March , 2003.

PORTLAND GENERAL ELECTRIC COMPANY

By: /s/ Arleen N. Barnett

Arleen N. Barnett

Its: Vice President

PORTLAND GENERAL ELECTRIC COMPANY

SENIOR OFFICERS' LIFE INSURANCE BENEFIT PLAN

Effective as of March 12, 2003

TABLE OF CONTENTS

INDEX OF TERMS

Date of Participation	2.7	*
Direct Subsidiary	2.9	*
Exchange Act	2.5-1	*
Indirect Subsidiary	2.10	*
Insurer	2.11	*
Named Fiduciary	12.1	*
Net Single Premium	2.14	*
Participant	2.15	*
Participant's Share	2.16	*
Participating Employer	2.17	*
Participating Employer's Share of Premium	2.18	*
PGE	2.5-1	*
Plan	2.19	*
Policy	2.20	*
Retirement	2.21	*
Senior Officer	2.22	*

PORTLAND GENERAL ELECTRIC COMPANY

SENIOR OFFICERS' LIFE INSURANCE BENEFIT PLAN

I.

PURPOSE

1. Purpose

This Plan has been established to provide Senior Officers of Portland General Corporation and Participating Companies with supplemental life insurance protection for their families in the event of death under a split dollar life insurance arrangement.

2. Effective Date

Prior to March 12, 2003, the Portland General Electric Company (the "Company") was a participating employer in the Portland General Holdings, Inc. Senior Officers' Life Insurance Benefit Plan ("PGH Plan"). The Company's liabilities under the PGH Plan consisted solely of liabilities attributable to benefits accrued during the time that participants in the PGH Plan were employed by and reported on the payroll of the Company or World Trade Center Northwest Corporation ("PGE Liabilities"). The Plan is hereby established by the Company effective March 12, 2003, as a successor plan with respect to all of the PGE Liabilities; on March 12, 2003, all of the PGE Liabilities as of the close of business on March 11, 2003, were transferred to the Plan, so that the Company had no remaining liability for the payment of any benefits under the PGH Plan, and all of the PGE Liabilities became the obligation of the Company under the Plan. Further, neither the Plan nor the Company assumes or has any liability for the payment of any benefits owed by any other participating employers in the PGH Plan, whether by reason of the Plan's establishment, its sponsorship by the Company, the transfer of the PGE Liabilities to the Plan, or otherwise.

II.

DEFINITIONS

Whenever used in this document, the following terms shall have the meanings set forth in this Article unless a contrary or different meaning is expressly provided:

1. Administrative Committee

"Administrative Committee" shall mean the persons designated by the Board to administer the Plan.

2. Board

"Board" shall mean the Board of Directors of Portland General Electric Company.

3. Cash Value

"Cash Value" shall mean the Policy's cash value as that term is defined in the Policy.

4. Cause

"Cause" shall have the meaning specified in any employment contract in effect between the Participant and the Participating Employer; provided, that if no such employment contract is in effect, or if such an employment contract is in effect but does not define the term "Cause," then such term shall mean termination of the Participant's employment by action of the Participating Employer's Board of Directors because of the Participant's (i) conviction of a felony (which, through lapse of time or otherwise, is not subject to appeal); or (ii) willful refusal without proper legal cause to perform the Participant's duties and responsibilities; or (iii) willfully engaging in conduct which the Participant has or should have reason to know may be materially injurious to PGC, PGE, or the Participating Employer.

5. Change in Control

"Change in Control" shall mean an occurrence in which:

1. Any "person," as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Portland General Electric Company ("PGE"), any trustee or other fiduciary holding securities under an employee benefit plan of PGE, or any Employer owned, directly or indirectly, by the stockholders of PGE in substantially the same proportions as their ownership of stock of PGE), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGE's then outstanding voting securities;

2. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by PGC's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

6. Company

"Company" shall mean Portland General Electric Company, an Oregon corporation.

7. Compensation Committee

"Compensation Committee" shall mean the Compensation Committee of the Board.

8. Date of Participation

"Date of Participation" shall mean the earlier of the date on which the Policy is issued or the date on which the Insurer agrees to bind coverage.

9. Direct Subsidiary

"Direct Subsidiary" shall mean any corporation of which a Participating Employer owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote.

10. Indirect Subsidiary

"Indirect Subsidiary" shall mean any corporation of which a Participating Employer directly and constructively owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote. In determining the amount of stock of a corporation that is constructively owned by a Participating Employer, stock owned, directly or constructively, by a corporation shall be considered as being owned proportionately by its shareholders according to such shareholders' share of voting power of all classes of its stock entitled to vote.

11. Insurer

"Insurer" shall mean any insurance company issuing a life insurance policy under this Plan.

12. Involuntary Termination

"Involuntary Termination" shall have the meaning specified in any employment contract in effect between the Participant and the Participating Employer; provided, that if no such employment contract is in effect, or if such an employment contract is in effect but does not define the term "Involuntary Termination," then such term shall mean termination of the Participant's employment under any of the following circumstances:

1. Termination by the Participating Employer on any grounds whatsoever except (i) for "Cause" as defined above, or (ii) upon Employee's death or permanent disability; or

2. Termination by the Participant within sixty (60) days of and in connection with or based upon any of the following:

    a. An assignment to the Participant of duties and responsibilities inconsistent with his position or inappropriate to a senior officer of the Participating Employer;

    b. A reduction in the Participant's annual base salary or a failure to continue the Participant's participation in any compensation or employee benefit plan or program in which the Participant was participating other than as a result of the expiration of such plan or program or as part of a general program to reduce employee benefits on a proportional basis relative to other employees of the Participating Employer; or

    c. A relocation of the Participant from Portland, Oregon without the Participant's consent.

13. Merger Agreement

"Merger Agreement" shall mean the Amended and Restated Agreement and Plan of Merger by and among Enron Corp., Portland General Corporation and Enron Oregon Corp., dated as of July 20, 1996, as that Agreement may be amended or restated from time to time.

14. Net Single Premium

"Net Single Premium" shall mean the amount calculated by an enrolled actuary selected by the Administrative Committee required to obtain the level death benefit promised in Table I calculated using the 1983 group annuity table male rates and employing continuous functions.

15. Participant

"Participant" shall mean a Senior Officer who has been designated in writing as a Participant by the Compensation Committee and has elected to participate in the Plan.

16. Participant's Share

"Participant's Share" shall mean the aggregate portion of premiums contributed by the Participant.

17. Participating Employer

"Participating Employer" shall mean the Company or any affiliated or subsidiary company designated by the Board as a Participating Employer under the Plan, as long as such designation has become effective and continues to be in effect. The designation as a Participating Employer shall become effective only upon the acceptance of such designation and the formal adoption of the Plan by a Participating Employer. A Participating Employer may revoke its acceptance of designation as a Participating Employer at any time, but until it makes such revocation, all of the provisions of this Plan and any amendments thereto shall apply to the Participants and their beneficiaries of the Participating Employer.

18. Participating Employer's Share of Premium

"Participating Employer's Share of Premium" shall mean the aggregate amount of insurance premium paid by the Participating Employer less the Participant's Share.

19. Plan

"Plan" shall mean the Portland General Electric Company Senior Officers' Life Insurance Benefit Plan, as may be amended from time to time.

20. Policy

"Policy" shall mean each life insurance policy which is issued by an insurer on the life of the Participant.

21. Retirement

"Retirement" shall mean termination of employment with Portland General Electric Company and any and all Direct or Indirect Subsidiaries or affiliates of Portland General Electric Company at or after age sixty-five (65), or at or after age fifty-five (55) and five (5) years of employment with Portland General Electric Company and any and all Direct or Indirect Subsidiaries or affiliates of Portland General Electric Company.

22. Senior Officer

"Senior Officer" shall mean the Chief Executive Officer, the President, Division Presidents, all Senior Vice Presidents, all Vice Presidents, the Treasurer and the Controller of the Participating Employer, all as elected or appointed by the Board of Directors of the Participating Employer.

III.

PARTICIPATION

1. Eligibility

Eligibility shall be limited to those employees of a Participating Employer who have attained the position of Senior Officer on or before June 25, 1997.

2. Election to Participate

A Participant may elect to participate in the Plan by completing such documents as may be prescribed by the Administrative Committee. An election made to participate in the PGH Plan shall be treated as an election to participate in the Plan.

IV.

POLICY TITLE AND OWNERSHIP

1. Policy Title

The Participant, or his transferee, shall be the owner of the Policy and may exercise all ownership rights granted to the owner by the terms of the Policy, except as herein provided. These shall include, but are not limited to, the right to

assign his interest in the Policy, the right to change the beneficiary of that portion of the proceeds to which he is entitled under Article VII, and the right to exercise settlement options.

2. Participating Employer's Security Interest

The only rights in and to the Policy granted to a Participating Employer shall be limited to its security interest in the cash value of the Policy, as defined in the collateral assignment attached as Exhibit A, and a portion of the death benefit, as hereinafter provided under ARTICLE VI.

V.

PREMIUM PAYMENT

1. Participating Employer's Premium Payment

Each premium on the Policy shall be paid by the Participating Employer as it becomes due.

2. Payment of the Participant's Share

At the time of each premium payment by the Participating Employer, the Participant shall pay to the Participating Employer an amount equal to the economic benefit of said Policy enjoyed by the Participant. The economic benefit shall be equal to the lesser of the Insurer's one-year term cost or the PS-58 rate.

VI.

PARTICIPATING EMPLOYER'S INTEREST IN THE POLICY

1. Collateral Assignment

Each Participant shall assign the Policy to the Participating Employer as collateral, under the form of collateral assignment attached as Exhibit A or one substantially similar thereto. The assignment gives the Participating Employer the limited power to enforce its right to recover the Participating Employer's Share of Premium on the Policy and/or a portion of the death benefit thereof. Assignments of Policies made by participants under the PGH Plan shall continue in effect under this Plan.

2. Limitations

The interest of the Participating Employer in and to the Policy shall be specifically limited to the following rights in and to the cash value and a portion of the death benefit:

1. the right to recover the Participating Employer's Share of Premium, in the event the Policy is surrendered or canceled by the Participant, as provided in paragraph 7.1;

2. the right to recover, upon the death of the Participant, all of the policy proceeds, in excess of that portion of the policy proceeds payable to the Participant's beneficiary or beneficiaries as provided in paragraph 7.2;

3. the right to recover the Participating Employer's Share of Premium, or to receive ownership of the Policy, in the event of termination by the Participant in the Plan, or in the event of termination of employment as provided in paragraphs 8.1, 8.2 and 8.3.

VII.

PARTICIPANT'S INTEREST IN THE POLICY

1. Upon Surrender or Cancellation

Upon surrender or cancellation of the Policy, the Participating Employer shall be entitled to receive a portion of the cash surrender value equal to the Participating Employer's Share of Premium. The balance of the cash surrender value, if any, shall belong to the Participant.

2. Upon Death

Upon the death of the Participant, the beneficiary or beneficiaries designated by the Participant shall be entitled to receive that portion of the Policy proceeds equal to the amount set forth in Schedule I of this Plan.

3. Ownership of Cash Surrender Value

Notwithstanding any other provision in the Plan to the contrary, the Participant shall at all times own a portion of the cash surrender value of the Policy equal to the Participant's Share to the extent said cash surrender value exceeds the Participating Employer's Share of Premium.

7.4 Nonduplication of Benefits

The PGE Liabilities shall be payable under this Plan, but no benefits shall be earned under this Plan which duplicate benefits earned under the PGH Plan.

VIII.

PLAN BENEFITS

1. Upon Termination of Participation in the Plan

   In the event the Participant terminates participation in the Plan prior to leaving the employment of the Participating Employer, the Participant shall execute any and all instruments that may be required to vest ownership of said Policy in the Participating Employer. The Participating Employer shall purchase from the Participant the Participant's interest in the cash surrender value set forth in paragraph 7.3 above for an amount equal to the Participant's Share. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

2. Upon Transfer to a Non-Participating Employer

   In the event the Participant transfers employment to a Direct or Indirect Subsidiary of Portland General Corporation that is an employer other than a Participating Employer, the Participant may elect either to:

   1. reimburse the Participating Employer an amount equal to the Participating Employer's Share of Premium, upon receipt of which, the Participating Employer shall release the collateral assignment and thereafter shall have no further interest in the Policy, or

   2. transfer his entire interest in the Policy to the Participating Employer by executing any and all instruments that may be required to vest ownership of said Policy in the Participating Employer. The Participating Employer shall purchase from the Participant the Participant's interest in the cash surrender value set forth in paragraph 7.3 above for an amount equal to the Participant's Share. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

3. Upon Termination of Employment

   1. In the event of termination of employment for Cause (as determined by the Compensation Committee) with a Participating Employer before Retirement, the Participant shall execute any and all instruments that may be required to vest ownership of said Policy in the Participating Employer. The Participating Employer shall purchase from the Participant the Participant's interest in the cash surrender value set forth in paragraph 7.3 above for an amount equal to the Participant's Share. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

   2. In the event of termination of employment because of a reduction in force, accepting a position of public service, or other reason not considered for Cause with a Participating Employer before Retirement, the Participant may elect either to:

      a. reimburse the Participating Employer an amount equal to the Participating Employer's Share of Premium, whereupon receipt of payment from the Participant, the Participating Employer shall release the collateral assignment and thereafter shall have no further interest in the Policy, or

      b. execute any and all instruments that may be required to vest ownership of said policy in the Participating Employers. The Participating Employer shall purchase from the Participant the Participant's interest in the cash surrender value set forth in paragraph 7.3 above for an amount equal to the Participant's Share. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

   3. In the event of termination of employment, occurring at least two (2) years from the Effective Time, as defined in the Merger Agreement, the Participant shall be deemed to have retired for purposes of this Plan and shall be eligible to make the election specified in Section 8.5.

4. In the event of Involuntary Termination, occurring during the two-year period beginning with the date the stockholders of PGC approve the Merger Agreement, the Participant shall be entitled to the Change in Control benefit specified in Section 8.4.

4. Upon a Change in Control

In the event of a Change in Control, within sixty (60) days of such Change in Control, the Participating Employer shall:

1. determine to what extent the cash value exceeds the Net Single Premium and recover the excess, if any; and

2. upon recovery of the excess, release the collateral assignment and thereafter have no further interest in the Policy; and

3. pay to each Participant an amount equal to the excess, if any, of the Net Single Premium over the cash value released to the Participant in 8.4-2 above.

5. Upon Retirement

In the event of termination of employment with Participating Employer at or after Retirement, the Participant may elect either to:

1. reimburse the Participating Employer an amount equal to the Participating Employer's Share of Premium, whereupon receipt of payment from the Participant, the Participating Employer shall release the collateral assignment and thereafter shall have no further interest in the Policy, or

2. continue as a Participant in the Plan with the Participating Employer continuing to pay premiums and the Participant continuing to pay the Participant's Share pursuant to ARTICLE V.

6. Timely Transfer of Ownership

When, under the terms of ARTICLE VIII, ownership of the Policy transfers from the Participant to the Participating Employer, the Participant shall execute any and all instruments that may be required to vest ownership of said Policy in the Participating Employer within ninety (90) days following receipt of notice from the Participating Employer.

IX.

DURATION OF THE PLAN

1. Plan Continuation

Subject to the provisions of ARTICLE VIII, this Plan shall continue with respect to each Participant until such time as the Cash Value of the Policy on a Participant is sufficient to permit:

1. the Participating Employer to recover the Participating Employer's Share of Premium; and

2. the Participant to recover an amount equal to the federal and state income tax he will incur as a result of termination of the split dollar arrangement; and

3. the death benefit to continue to the Participant's age ninety-five (95) with no further premium outlay based upon then current interest assumptions.

2. Termination of Arrangement

When the standard required by paragraph 9.1 is achieved and upon the Participating Employer receiving the Participating Employer's Share of Premium, the split dollar arrangement with that Participant shall terminate. The Participating Employer shall release the collateral assignment and thereafter, shall have no further interest in the Policy.

X.

AMENDMENT AND TERMINATION OF PLAN

1. Amendment

   The Administrative Committee may amend the Plan from time to time as may be necessary for administrative purposes and legal compliance, provided, however, that no such amendment shall effect the benefit rights or levels of Participants or beneficiaries in the Plan. Prior to achieving the standard required by paragraph 9.1, the Compensation Committee may not amend, modify or revoke this Plan in a manner that reduces the rights of the Participant under this Plan.

2. Termination

The Board of each Participating Employer may at any time, in its sole discretion, terminate the Plan in whole or in part for that Participating Employer, such that no future Participants will be allowed into the Plan. However, no such termination or suspension shall adversely affect the benefits of Participants which have accrued prior to such action, the benefits of any Participant who has previously retired, the benefits of any Beneficiary of a Participant who has previously died, or already accrued Plan liabilities between Participating Employers.

XI.

INSURER NOT A PARTY TO PLAN

An Insurer shall be bound only by the provisions of and endorsements on the Policy, and any payments made or action taken by an Insurer in accordance therewith shall fully discharge it from all claims, suits and demands of all persons whatsoever. Except as specifically provided by endorsement on the Policy, it shall in no way be bound by the provisions of this Plan.

XII.

NAMED FIDUCIARY

1. Administrative Committee; Compensation Committee

   The Administration Committee is hereby designated the "Named Fiduciary" until removal by the Board. As Named Fiduciary, the Administrative Committee shall be responsible for the management, control and administration of the Plan established herein. The Administrative Committee may allocate to others certain aspects of the management and operation responsibilities of the Plan, including the employment of advisors and the delegation of any ministerial duties to qualified individuals.

2. Indemnity of Administrative Committee; Compensation Committee

   Each Participating Employer shall indemnify and hold harmless the Administrative Committee and the Compensation Committee and their individual members against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

3. Availability of Plan Documents

   Each Participant shall receive a copy of this Plan, and the Administrative Committee shall make available for inspection by any Participant a copy of the rules and regulations used in administering the Plan.

4. Cost of Plan Administration

The Company shall bear all expenses of administration of this Plan. However, a ratable portion of the expense shall be changed back to each Participating Employer.

XIII.

CLAIMS PROCEDURE

1. Claim

   Claims for any benefits due under the Plan or upon surrender of the Policy shall be made in writing by the Participating Employer, and the Participant or his designated beneficiary or beneficiaries, as the case may be, to the Named Fiduciary or his delegatee who shall respond in writing as soon as practicable.

2. Denial of Claim

   In the event a claim is denied or disputed, the Named Fiduciary shall, within a reasonable period of time after receipt of the claim, notify the Participating Employer, and the Participant or his designated beneficiary or beneficiaries, as the case may be, of such denial or dispute listing:

   1. the reasons for the denial or dispute; with specific reference to the Plan provisions upon which the denial or dispute is based;

   2. a description of any additional material or information necessary and an explanation of why it is necessary; and

   3. an explanation of the Plan's claim review procedure.

3. Review of Claim

   Within sixty (60) days of denial or notice of claim under the Plan, a claimant may request that the claim be reviewed by the Named Fiduciary. The claim or request shall be reviewed by the Named Fiduciary, who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

4. Final Decision

The decision of the Administrative Committee on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

XIV.

MISCELLANEOUS

1. Not a Contract of Employment

   The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between a Participating Employer and a Participant, and neither a Participant nor a Participant's beneficiary shall have any rights against a Participating Employer except as may otherwise be specifically provided herein. Moreover, nothing in this

Plan shall be deemed to give a Participant the right to be retained in the service of the Participating Employer or to interfere with the right of the Participating Employer to discipline or discharge him at any time.

2. Liability for Benefits

   Except as otherwise provided in this paragraph, liability for the payment of a Participant's benefit pursuant to this Plan shall be borne solely by the Participating Employer that employs the Participant and reports the Participant as being on its payroll during the accrual or increase of the Plan benefit, and no liability for the payment of any Plan benefit shall be incurred by reason of Plan sponsorship or participation except for the Plan benefits of a Participating Employer's own employees. Provided, however, that each Participating Employer, by accepting the Board's designation as a Participating Employer under the Plan and formally adopting the Plan, agrees to assume secondary liability for the payment of any benefit accrued or increased while a Participant is employed and on the payroll of a Participating Employer that is a Direct Subsidiary or Indirect Subsidiary of the Participating Employer at the time such benefit is accrued or increased. Such liability shall survive any rev ocation of designation as a Participating Employer with respect to any liabilities accrued at the time of such revocation. Nothing in this paragraph shall be interpreted as prohibiting any Participating Employer or any other person from expressly agreeing to assumption of liability for a Plan Participant's payment of any benefits under the Plan.

3. Allocation of Asset

   The interests of each Participating Employer in and to the Policy as described in paragraph 6.2 shall be allocated, if applicable, pro rata among those Participating Employers who employed the Participant and reported the Participant as being on its payroll during the accrual or increase of the cash value. Such allocation of asset shall survive any revocation of designation as a Participating Employer or termination of the Plan with respect to any asset accrued at the time of such revocation or termination.

4. Protective Provisions

   A Participant will cooperate with a Participating Employer by furnishing any and all information requested by the Participating Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examination as the Participating Employer may deem necessary and taking such other action as may be requested by the Participating Employer.

5. Transfer of Participant's Interest in the Policy

   In the event a Participant shall transfer all of his interest in the Policy, then all of a Participant's interest in the Policy shall be vested in his transferee, who shall be substituted as a party hereunder, and a Participant shall have no further interest in the Policy.

6. Terms

   In this Plan document, unless the context clearly indicates the contrary, the masculine gender will be deemed to include the feminine gender, and the singular shall include the plural.

7. Governing Law

   The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

8. Validity

   In case any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

9. Notice

   Any notice or filing required or permitted to be given to the Administrative Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Administrative Committee or to the Secretary of Participating Employer. Notice to the Administrative Committee, if mailed, shall be addressed to the principal executive offices of the Participating Employer. Notice mailed to the Participant shall be at such address as is given in the records of the Participating Employer. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10. Successors

The provisions of this Plan shall bind and inure to the benefit of the Participating Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Participating Employer, and successors of any such corporation or other business entity.

IN WITNESS WHEREOF, and pursuant to resolution of the board, the Company has caused this instrument to be executed by its officers thereunto duly authorized, as of this 19 day of March , 2003.

PORTLAND GENERAL ELECTRIC COMPANY

By: /s/Arleen N. Barnett

Arleen N. Barnett

Its: Vice President

SCHEDULE I

Death Benefits Payable Under Plan

	$1,000,000
Chief Executive Officer	
President	750,000
Senior Vice Presidents	750,000
Division Presidents	750,000
Other Officers	500,000

EXHIBIT A

Collateral Assignment

THIS ASSIGNMENT, made and entered into and effective this ____ day of _____, 19___, by the undersigned as owner (the "Owner") of that certain Life Insurance Policy No. _____ issued by _____ ("Insurer") and any supplementary contracts issued in connection therewith (said policy and contracts being herein called the "Policy"), upon the life of _____ ("Insured"), to Portland General _____, an Oregon corporation (the "Assignee").

WITNESSETH:

WHEREAS, the Insured is a Senior Officer of the Assignee; and

WHEREAS, said Assignee desires to provide the Insured with supplemental life insurance protection by contributing a portion of the annual premium due on the Policy, as more specifically provided for in the split dollar arrangement set forth in the Senior Officers' Life Insurance Benefit Plan (the "Plan"), a copy of which is attached hereto, incorporated by reference and made a part hereof; and

WHEREAS, in consideration of the Assignee agreeing to pay a portion of the premiums, the Owner agrees to grant the Assignee an interest in the policy as security for the recovery of the Assignee's premium outlay.

NOW THEREFORE, for value received, the undersigned hereby assigns, transfers and sets over to the Assignee, its successors and assigns, the following specific rights in the Policy, subject to the following terms and conditions:

1. This Assignment is made, and the Policy is to be held, as collateral security for the premium payments made by Assignee, pursuant to the terms of the Plan.

2. The Assignee's interest in the Policy shall further be limited to:

(a) the right to recover the aggregate amount of insurance premium paid by the Assignee less the aggregate portion contributed by the Participant (the "Assignee's Share of Premium") in the event the Policy is surrendered or canceled by the Owner as provided in Section 7.1 of the Plan,

(b) the right to recover, upon the death of the Participant, all proceeds in excess of the death benefit promised in Schedule I of the Senior Officers' Life Insurance Benefit Plan,

(c) the right to recover the Assignee's Share of Premium, the right to recover the excess of cash value over the Net Single Premium, or the right to receive ownership of the Policy in the event of termination of the split dollar arrangement as provided in Article VIII of the Plan.

3. Except as specifically herein granted to the Assignee, the Owner shall retain all incidents of ownership in the Policy, including, but not limited to, the right to assign his interest in the Policy, the right to change the beneficiary of that portion of the proceeds to which he is entitled under Article VI of the Plan, and the right to exercise all settlement options permitted by the terms of the Policy. Provided, however, that all rights retained by the Owner shall be subject to the terms and conditions of the Plan.

4. The Assignee shall, upon request, forward the Policy to the Insurer, without unreasonable delay, for endorsement of any designation of change of beneficiary, any election of optional mode of settlement, or the exercise of any other right reserved by the Owner hereunder.

5. The Insurer is hereby authorized to recognize the Assignee's claims to rights hereunder without investigating the reason for any action taken by the Assignee, the amount of its Share of Premium, the existence of any default therein, the giving of any notice required herein, or the application to be made by the Assignee of any amounts to be paid to the Assignee.

The signature of the Assignee shall be sufficient for the exercise of any rights under the Policy assigned hereby to the Assignee, and the receipt of the Assignee for any sums received by it shall be a full discharge and release therefore to the Insurer.

6. The Insurer shall be fully protected in recognizing the requests made by the Owner for surrender of the Policy with or without the consent of the Assignee, and, upon such surrender, the Policy shall be terminated and shall be of no further force or effect.

7. Upon the full payment to the Assignee of its Share of Premium, or in the event of a Change in Control upon recovery of the excess of cash value over the Net Single Premium the Assignee shall release the Collateral Assignment and reassign to the Owner all specific rights included in this Collateral Assignment.

IN WITNESS WHEREOF, the undersigned Owner has executed this Assignment the date and year first above written.

Witness Owner

PORTLAND GENERAL ELECTRIC COMPANY

UMBRELLA TRUST™ FOR MANAGEMENT

Effective as of March 12, 2003

TABLE OF CONTENTS

TERM	**INDEX OF TERMS** **PROVISION**	**PAGE**
Act	1.4-2(a)	*
Administrative Committee	3.1-1	*
Benefit	Exhibit A.1	Exhibit A
Board	Preamble	*

Change in Control	1.4-2	*
Code	1.2-4(b)	*
Company	Heading	*
ERISA	1.2-3(a)	*
ERISA Funded	1.2-3(a)	*
Excess Assets	2.3-2	*
Experts	2.5-2	*
Full Funding Amount	2.2-2	*
Insolvent	5.1-1	*
Insurer	2.1-4	*
Participant's Notice	3.3-2	*
Participating Employer	Preamble	*
Payment Schedule	3.2-3	*
Pension Committee	2.1-2	5
Plans	Preamble	*
PGE Board	1.4-2(a)	*
Policies	2.1-1	*
Potential Change of Control	2.2-3	*
Solvency	5.4-2	*
Subtrust	1.2-2	*
Tax Funded	1.2-3(b)	*
Trust	Preamble	*
Trustee	Heading	*
Written Consent of Participants	6.1-3	*

FOR MANAGEMENT

Portland General Electric Company

121 S.W. Salmon Street

Portland, Oregon 97204 "Company"

Wachovia Bank, N.A.

301 North Main Street

Winston-Salem, NC 27150 "Trustee"

PREAMBLE

Portland General Electric Company (the "Company") and the Participating Employers as hereinafter defined have adopted the following plans (the "Plans") for the benefit of eligible management and executive employees of the Company and Participating Employers:

Portland General Electric Company Management Deferred Compensation Plan

Portland General Electric Company Supplemental Executive Retirement Plan

Portland General Electric Company Senior Officers' Life Insurance Benefit Plan

Portland General Electric Company assumes no liability for the payment of any Plan benefit owed by any other Participating Employer, as defined herein, by reason of accepting Plan sponsorship. The Plans shall be administered by an "Administrative Committee" appointed by the Board of Directors of the Company (the "Board") pursuant to the terms of these Plans.

The Purpose of the Portland General Electric Company Umbrella Trust for Management (the "Trust") is to give Plan participants and participants of such other contracts, agreements, or plans ("Other Contracts") as the Board may designate as covered by the Trust greater security by placing assets in trust for use only to pay benefits, fees and expenses of the Trustee, or, if the Company or a Participating Employer becomes Insolvent, to pay creditors.

A "Participating Employer" shall mean the Company or any affiliated or subsidiary company designated by the Board as a Participating Employer under the Plans, Other Contracts, or any of them, as long as such designation has become effective and continues to be in effect. The designation as a Participating Employer shall become effective only upon the acceptance of such designation by a Participating Employer. A Participating Employer may revoke its acceptance of designation as a Participating Employer at any time, but until it makes such revocation, all of the provisions of this Trust and any amendments thereto shall apply to the participant (and his beneficiaries) of the Participating Employer.

The Trust is intended to be a grantor trust, a portion of the income of which is taxable to each Participating Employer. Trust assets are subject to the claims of the general creditors of the Participating Employers during insolvency. The Participating Employers shall be treated as the owners of a portion of the Trust for federal income tax purposes in accordance with the provisions of Sections 671 through 679 of the Internal Revenue Code of 1986 as amended. No contribution to or income of the Trust is to be taxable to Plan participants until benefits are distributed to them.

The parties therefore establish this Trust on the following terms:

I.

EFFECTIVE DATE; DURATION

1. Effective Date

Prior to March 12, 2003, the Portland General Electric Company (the "Company") was a participating employer in the Portland General Holdings, Inc. Umbrella Trust for Management ("PGH Trust"). PGE's assets under the PGH Trust were held in the PGE subtrusts under the PGH Trust ("PGE Subtrusts"). This Trust is hereby established by the Company effective March 12, 2003, as a successor trust with respect to all of the PGE Subtrusts; on March 12, 2003, all of the PGE Subtrusts were transferred to this Trust.

The assets transferred from each PGE Subtrust in the PGH Trust to this Trust shall be held in the Plan Subtrust in this Trust indicated below:

PGE Subtrust Under PGH Trust	Plan Subtrust in this Trust
Portland General Holdings, Inc. Management Deferred Compensation Plan	Portland General Electric Company Management Deferred Compensation Plan
Portland General Holdings, Inc. Supplemental Executive Retirement Plan	Portland General Electric Company Supplemental Executive Retirement Plan
Portland General Holdings, Inc. Senior Officers' Life Insurance Benefit Plan	Portland General Electric Company Senior Officers' Life Insurance Benefit Plan

The Trust year shall coincide with the Company's fiscal year, which is the calendar year.

2. Duration

1. This Trust shall continue in effect until all the assets of the Trust fund are exhausted through distribution of benefits to participants, payment to general creditors in the event of insolvency, payment of fees and expenses of the Trustee, and return of remaining funding of all Subtrusts pursuant to 1.2-2.

2. Except as provided in 2.3, the Trust shall be irrevocable with respect to amounts contributed to it for a Plan. The Trustee shall return to the Participating Employer any assets remaining in the separate and distinct subtrusts ("Subtrust") established for each Plan for each Participating Employer after all benefits are satisfied pursuant to Section 2.4.

3. If the existence of this Trust is held to be ERISA Funded or Tax Funded by a federal court and appeals from that holding are no longer timely or have been exhausted, this Trust shall terminate.

    a. This Trust is "ERISA Funded" if it prevents any of the Plans from meeting the "unfunded" criterion of the exceptions to various requirements of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") for plans that are unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

    b. This Trust is "Tax Funded" if it causes the interest of a participant in this Trust to be includible for federal income tax purposes in the gross income of the participant prior to actual receipt of Plan benefits by the participant.

4. Prior to a Change in Control, the Board may also terminate this Trust if it determines that:

    a. Judicial authority or the opinion of the U.S. Department of Labor, Treasury Department or Internal Revenue Service (as expressed in proposed or final regulations, advisory opinions or rulings, or similar administrative announcements) creates a significant risk that the Trust will be held to be ERISA Funded or Tax Funded, or

    b. ERISA or the Internal Revenue Code (the "Code") requires the Trust to be amended in a way that creates a significant risk that the Trust will be held to be ERISA Funded or Tax Funded, and failure to so amend the Trust could subject the Company to material penalties.

5. Upon such a termination as described in 1.2-3 and 1.2-4, the assets of each Subtrust remaining after payment of the Trustee's fees and expenses shall be distributed as follows:

    a. If a Potential Change in Control as defined in 2.2-3 has not occurred, such assets shall be returned to the Participating Employer. The Participating Employer shall then either (i) transfer such assets to a new trust which is not deemed to be ERISA Funded, but which is similar in all other respects to this Trust; or (ii) if it is not possible to establish the trust in (i) above, retain the assets returned to the Participating Employer.

    b. If a Potential Change in Control as defined in 2.2-3 has occurred, and more than six (6) months has elapsed from the date of the Potential Change in Control without a Change in Control, as defined in 1.4-2, occurring, then (a) above shall apply.

c. If a Potential Change in Control as defined in 2.2-3 has occurred and either six (6) months or less has elapsed from the date of the Potential Change in Control or there has been a Change in Control, as defined in 1.4-2, then such assets shall be allocated in proportion to the accrued benefit rights of the participants and distributed to them in lump sums. Any assets remaining shall be returned to the Participating Employer.

6. Except as otherwise provided herein, in the event of any final determination by the Internal Revenue Service or a court of competent jurisdiction, which determination is not appealable or the time for appeal or protest of which has expired, which determination determines that the participants or any particular participant is subject to federal income taxation on amounts held in Trust hereunder prior to the distribution to the participant or participants of such amounts, the Trustee shall, on receipt by the Trustee of notice of such determination, pay to each participant the portion of the trust corpus includible in such participant's federal gross income. This provision shall also apply to any beneficiary of a participant.

3. Irrevocability

1. This Trust shall be irrevocable.

4. Change in Control

1. On a Change in Control described in 1.4-2, the assets held in the existing Subtrusts for participants who had benefit rights under the Plans before the Change in Control occurred shall cover only the benefits provided by the Plans for participants covered by the Plans at the time of the Change in Control, including benefits accrued after the Change in Control. If any Participating Employer makes contributions for benefits owed to new participants under a Plan after a Change in Control such contributions and any insurance contracts or other assets purchased with them shall be held in a new Subtrust separate from the existing Subtrust for previous participants.

2. A "Change in Control" shall occur if:

a. Any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Act")) becomes the "beneficial owner" (as defined in Rule 13-d under the Act) of more than thirty percent (30%) of the then outstanding voting stock of Portland General Electric Company, otherwise than through a transaction arranged by, or consummated with the prior approval of the Board of Directors of Portland General Electric Company ("PGE Board"); or

b. The PGE Board adopts a resolution to the effect that, for purposes of this Trust, a Change in Control has occurred.

II.

TRUST FUND

1. Investments

1. The Trust fund may include investments in insurance policies ("Policies"). Such Policies may be purchased by the Company or other Participating Employers and transferred to the Trustee as in-kind contributions or may be purchased by the Trustee with the proceeds of cash contributions. The Trust shall be the owner and beneficiary of such Policies. The purchase and holding of such Policies shall be an investment directed by the Participating Employer, pursuant to 2.1-2. The Participating Employer's contributions to the Trust may include sufficient cash to make projected premium payments on such Policies and payments of any interest due on loans secured by the cash value of such Policies.

2. Prior to a Potential Change in Control, the Trustee shall invest the Trust fund in accordance with written directions from the committee responsible, from time to time, for directing the investment of the Portland General Electric Company Pension Plan, or any successor thereto (the "Pension Committee"). The Trustee shall act only as an administrative agent in carrying out the directed investment transactions and shall not be responsible for the investment decision.

3. In the event that the Trustee does not receive instructions from the Pension Committee for the investment of part or all of the Trust fund, and in all events following a Potential Change in Control, the Trustee shall invest the Trust fund in property in accordance with applicable law. Permissible investments shall include but not be limited to the following:

a. Policies.

b. Investments in direct obligations of the United States of America or agencies of the United States of America or obligations unconditionally and fully guaranteed as to principal and interest by the united

States of America, in each case maturing within one (1) year or less from the date of acquisition.

c. Investments in negotiable certificates of deposit (in each case maturing within one (1) year or less from the date of acquisition) issued by a commercial bank organized and existing under the laws of the United States of America or any state thereof having a combined capital and surplus of at least one billion dollars (1,000,000,000).

4. If the Trustee is directed to invest in Policies (pursuant to 2.1-1) or if the Trustee elects to purchase Policies (pursuant to 2.1-3), the Trustee shall have the power to exercise all rights, privileges, options and elections granted by or permitted under any Policy or under the rules of the issuing insurance company ("Insurer"). Prior to a Potential Change in Control and subsequent to the passing of six (6) months following a Potential Change in Control in which a Change in Control does not occur, the exercise by the Trustee of any incidents of ownership under any Policy shall be subject to the direction of the Chief Financial Officer of the Company.

Notwithstanding anything contained herein to the contrary, neither the Participating Employer nor the Trustee shall be liable for the refusal of any Insurer to issue or change any Policy or Policies or to take any other action requested by the Trustee; nor for the form, genuineness, validity, sufficiency or effect of any Policy or Policies held in the Trust; nor for the act of any person or persons that may render any such Policy or Policies null and void; nor for failure of any Insurer to pay the proceeds of any such Policy or Policies as and when the same shall become due and payable; nor for any delay in payment resulting from any provision contained in any such Policy or Policies; nor for the fact that for any reason whatsoever (other than its own negligence or willful misconduct) any Policy or Policies shall lapse or otherwise become uncollectible.

2. Contributions

1. The Participating Employer may, in its sole discretion and at any time, contribute to the Trust such amounts as are reasonably necessary to provide for all benefits payable under the Plans, including amounts to purchase the Policies and to pay premiums and loan interest payments, all as described in 2.1-1. Contributions may be in cash or in kind. The time of payment of contributions shall be decided by the Board, except as provided in 2.2-2.

2. Upon a Potential Change in Control as defined in 2.2-3, each Participating Employer may, in its sole discretion, identify and contribute to its Subtrusts the sum of the following (collectively, the "Full Funding Amount"):

a. With respect to the Supplemental Executive Retirement Plan and the Management Deferred Compensation Plan, the amount by which the present value of all benefits payable under the Plans exceeds the value of the applicable Subtrust assets. Each participant's benefits for purposes of calculating present value shall be the highest benefit the participant would have under the Plans within the six (6) months following a Potential Change in Control, assuming that no changes are made in the participant's level of fee deferral, that employment continues for six (6) months at the same rate of compensation, and that the participant receives any benefit enhancement provided by the Plans upon a Change in Control. The Policies shall be valued at net cash surrender value (net of loans).

b. With respect to the Supplemental Executive Retirement Plan and the Management Deferred Compensation Plan, the amount of the premiums, and the interest on any policy loans, on Policies held in the Trust due as of the next anniversary date of such Policies.

c. With respect to the Senior Officers' Life Insurance Benefit Plan, the difference between the net cash surrender value (net of loans) of the policies and the net single premium required for the promised death benefit.

d. A reasonable estimate, including without limitation any amounts contemplated by 3.3-4, provided by the Trustee of its fees due over the remaining duration of the Trust.

3. A "Potential Change in Control" shall occur if the Board adopts a resolution to the effect that for purposes of this Trust a Potential Change in Control has occurred.

4. The calculations required under 2.2-2 shall be based on the terms of the Plans or Other Contracts and the actuarial assumptions set forth in the attached Exhibit A, which, prior to a Change in Control, may be revised by the Board from time to time.

5. The Trustee shall accept the contributions made by the Participating Employer and shall hold them as a Trust fund for the payment of benefits under the Plans. Any contribution of the Full Funding Amount to the Trust under 2.2-2 upon a Potential Change in Control shall be returned to the Participating Companies six (6) months

after delivery of such contribution to the Trustee at the request of the Chief Financial Officer of the Company, unless a Change in Control shall have occurred during such six (6) month period. Such six (6) month period shall be renewed in the event of and upon the date of any subsequent Potential Change in Control occurring.

6. The Chief Financial Officer of the Company shall notify the Trustee of the occurrence of a Change in Control or Potential Change in Control and the Trustee may rely on such notice or on any other actual notice satisfactory to the trustee, of such a Change in Control or Potential Change in Control which the Trustee may receive.

3. Recapture of Excess Assets

1. Prior to a Change in Control, in the event any Subtrust (other than the Subtrust for the Senior Officers' Life Insurance Benefit Plan) shall hold Excess Assets, the Board, at its option, may direct the Trustee to return part or all of such Excess Assets to the Participating Employers. Following a Change in Control Excess Assets shall be held by the Trustee in each separate Subtrust until all benefits due from each Participating Employer are paid pursuant to 2.4-3.

2. "Excess Assets" are assets of any Subtrust exceeding one hundred twenty-five percent (125%) of the present value of all the benefits due participants of a Participating Company in such Subtrust.

3. The calculation required by 2.3-2 shall be based on the terms of the Plans or Other Contracts and the actuarial assumptions set forth in Exhibit A.

4. Subtrusts

1. The Trustee shall establish separate Subtrusts for each Participating Employer's contribution to each Plan and any Other Contracts subject to the Trust. The account for each Subtrust shall reflect an undivided interest in assets of the Trust fund and shall not require any segregation of particular assets, except that a Policy covering benefits of a particular Plan or Other Contract shall be held in the Subtrust for that Plan or Other Contract. Any contribution received by the Trustee which is not earmarked for a particular Plan or Other Contract shall be allocated among all Subtrusts as established for that Participating Employer in proportion to their balances.

2. The Trustee shall allocate investment earnings and losses of the Trust fund among the Subtrusts in proportion to their balances, except that changes in the value of a Policy shall be allocated to a Subtrust for which it is held. Payments to general creditors during insolvency administration under 5.2 shall be charged against the Subtrusts in proportion to their balances, except the payment of benefits to a Plan participant as a general creditor shall be charged against the Subtrust for that Plan.

3. Prior to a Change in Control, benefit payments from a Subtrust shall be made in full until the assets of the Subtrust are exhausted or the Participating Employer's Plan liabilities have been satisfied. Assets held in the Participating Employer's other Subtrusts shall not be available to satisfy other Plan liabilities. In the event any Subtrust established for the Participating Employer has assets remaining after paying out all benefits, those remaining assets shall be returned to that Participating Employer pursuant to 1.2-4.

4. Following a Change in Control, in the event any Subtrust established for the Participating Employer has assets remaining after paying out all benefits, those remaining assets shall be poured over into any other Subtrust of the Participating Employer for any Plan still having participants whose benefits have not been fully paid. All pour-overs to a Subtrust from other Subtrusts of the Participating Employer shall be made in proportion to their unfunded Plan liabilities. After the satisfaction of all liabilities of the Participating Employer, the remaining balances in the Subtrusts will be returned to that Participating Employer pursuant to 1.2-4.

5. Administrative Powers of Trustee

1. Subject in all respects to applicable provisions of this Trust, the Plans, and Other Contracts, the Trustee shall have the rights, powers and privileges of an absolute owner when dealing with property of the Trust, including (without limiting the generality of the foregoing) the powers listed below:

a. To sell, convey, transfer, exchange, partition, lease, and otherwise dispose of any of the assets of the Trust at any time held by the Trustee under this Trust agreement;

b. To commence or defend lawsuits or legal or administrative proceedings; to compromise, arbitrate or settle claims, debts or damages in favor of or against the Trust; to deliver or accept, in either total of partial satisfaction of any indebtedness or other obligation, any property; to continue to hold for such period of time as the Trustee may deem appropriate any property so received; and to pay all costs and reasonable attorneys' fees in connection therewith out of the assets of the Trust;

c. To renew or extend the time of payment of any obligation due or to become due;

d. To foreclose any obligation by judicial proceeding or otherwise;

e. To borrow money from any person in such amounts, upon such terms and for such purposes as the Trustee, in its discretion, may deem appropriate; and in connection therewith, to execute promissory notes, mortgages or other obligations and to pledge or mortgage any Trust assets as security; and to lend money on a secured or unsecured basis to any person other than a party of interest;

f. To appoint one or more persons or entities as ancillary trustee or subtrustee provided that any such ancillary trustee or subtrustee shall act with such power, authority, discretion, duties, and functions of the Trustee as shall be specified in the instrument establishing such ancillary or subtrust, and the Trustee may pay the reasonable expenses and compensation of such ancillary trustees or subtrustees out of the Trust;

g. To hold such part of the assets of the Trust uninvested for such limited periods of time as may be necessary for purposes of orderly account administration or pending required directions, without liability for payment of interest;

h. To determine how all receipts and disbursements shall be credited, charged or apportioned as between income and principal, and the decision of the Trustee shall be final and not subject to question by any participant or beneficiary of the Trust; and

i. Generally to do all acts, whether or not expressly authorized, which the Trustee may deem necessary or desirable for the orderly administration or protection of the Trust fund.

2. The Trustee may engage one or more independent attorneys, accountants, actuaries, appraisers or other experts (the "Experts") for any purpose, including the determination of Excess Assets. The determination of the Experts shall be final and binding on the Company, each Participating Company, the Trustee, and all of the participants unless within thirty (30) days after receiving a determination deemed by any participant to be adverse, any participant initiates suit in a court of competent jurisdiction seeking appropriate relief. The Trustee shall have no duty to oversee or independently evaluate the determination of the Experts. The Trustee shall be authorized to pay the fees and expenses of any Experts out of the assets of the Trust fund.

3. The Participating Employer shall from time to time pay taxes (references in this Trust agreement to the payment of taxes shall include interest and applicable penalties) of any and all kinds whatsoever which at any time are lawfully levied or assessed upon or become payable in respect of the Trust fund, the income or any property forming a part thereof, or any security transaction pertaining thereto. To the extent that any taxes levied or assessed upon the Trust fund are not paid by the Participating Employer or contested by the Participating Employer pursuant to the last sentence of this paragraph, the Trustee shall pay such taxes out of the Trust fund, and the Participating Employer shall, upon demand by the Trustee, deposit into the Trust fund an amount equal to the amount paid from the Trust fund to satisfy such tax liability. If requested by the Participating Employer, the Trustee shall, at the Participating Employer's expense, contest the validity of such taxes in any manner de emed appropriate by the Participating Employer or its counsel, but only if it has received an indemnity bond or other security satisfactory to it to pay any expenses of such contest. Alternatively, the Participating Employer may itself contest the validity of any such taxes, but any such contest shall not affect the Participating Employer's obligation to reimburse the Trust fund for taxes paid from the Trust fund.

4. In the event a Plan participant's beneficiary designation pursuant to the Plan results in a participant or the participant's spouse being deemed to have made a Ageneration-skipping transfer" as defined in Section 2611 of the Code, then to the extent that the participant or participant's "executor," as said term is defined in the Code (or the spouse of the participant or said spouse's statutory executor in the case of a generation-skipping transfer deemed to have been made by a participant's spouse), have not previously used the total generation-skipping transfer exemption that is available under Section 2631 of the code to such transferor, the Participating Employer or the Trustee may consider such unused exemption to be allocated in the manner prescribed by Section 2632 of the Code except that (i) any generation-skipping transfer resulting from said beneficiary designation shall be excluded from the allocation; and (ii) the method of allocation under Section 2632 shall be reversed so that such unused portion of said transferor's exemption shall be applied first to trusts or trust equivalents of which said transferor is the deemed transferor and from which taxable distributions occur at said transferor's death and, second, to direct skips occurring at said transferor's death (other than any direct skip resulting from such beneficiary designation). The Participating Employer or Trustee may also consider any portion of said transferor's total generation-skipping transfer exemption not used pursuant to the provisions of the previous sentence to be allocated to the transfer resulting from the beneficiary designation that gives rise to the generation-skipping transfer hereunder.

Notwithstanding any provisions in the Plans or this Trust agreement to the contrary, the Participating Employer or the Trustee may withhold any benefits payable to a beneficiary as a result of the death of the participant or any other beneficiary until such time as (i) the Participating Employer or Trustee is able to determine whether a generation-skipping transfer tax, as defined in Chapter 13 of the Code, or any substitute provision therefor, is payable by the Participating Employer or Trustee; and (ii) the Participating Employer or Trustee has determined the amount of generation-skipping transfer tax that is due, including interest thereon. If any such tax is payable, the Participating Employer or Trustee shall reduce the benefits otherwise payable hereunder to such beneficiary by the amount necessary to provide said beneficiary with a benefit equal to the amounts that would have been payable if the original benefits had been calculated on the basis of a present value at the time of th e generation-skipping transfer equal to the then present value of the originally contemplated benefit less an amount

equal to the generation-skipping transfer tax and any interest thereon that is payable as a result of the death in question. The Participating Employer or Trustee may also withhold from distribution by further reduction of the then net present value of benefits calculated in accordance with the terms of the previous sentence such amounts as the Participating Employer or Trustee deems are reasonable necessary to pay additional generation-skipping transfer tax and interest thereon. Any amounts so withheld shall be payable as soon as there is a final determination of the applicable generation-skipping tax and interest thereon. No interest shall be payable by the Participating Employer or Trustee to any beneficiary for the period of time that is required from the date of death to the time when the aforementioned generation-skipping transfer tax determinations are made and the amount of benefits payable to a beneficiary can be fully determined.

III.

ADMINISTRATION

1. Administrative Committee

    1. An Administrative Committee as appointed by the Board is the Plan administrator for each Plan and has general responsibility to interpret each Plan and determine the rights of participants and beneficiaries pursuant to the terms of such Plan. Other Contracts designated by the Board as covered by the Trust shall be administered by an Administrative Committee as designated by the Board.

    2. The Trustee shall be given the names and specimen signatures of members of the Administrative Committee and any other party designated by the Board to administer Other Contracts, and the members of the Pension Committee. The Trustee shall accept and rely upon the names and signatures until notified of change. Instructions to the Trustee shall be signed for the Board by the Chairman or such other person as the Board may designate.

2. Payment of Benefits

    1. The Trustee shall pay benefits to participants and beneficiaries on behalf of each Participating Employer in satisfaction of its obligation under the Plans. A participant's entitlement to benefits under the Plans shall be determined by the Administrative Committee. Prior to and following a Potential Change in Control, any claim for such benefits shall be considered and reviewed under the claims procedures set out in the Plans. The Participating Employer's obligation shall not be limited to the Trust fund and a participant shall have a claim against the Participating Employer for any payment not made by the Trustee, including payments not made by reason of insufficient Trust funds.

    2. Prior to a Change in Control or a Potential Change in Control, the Trustee shall make payments in accordance with written direction from the Administrative Committee, the Board or its designee with respect to Other Contracts, except as provided in 3.3.

    3. Following a Potential Change in Control or Change in Control, the Administrative Committee shall deliver to the Trustee, contemporaneously with the delivery, if any, of the Full Funding Amount to the Trustee pursuant to Section 2.2-2, a schedule (the "Payment Schedule") indicating the amounts payable in respect of each participant, or providing a formula or instructions acceptable to the Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plans or Other Contracts) and the time of commencement for payment of such amounts. The Payment Schedule shall include instructions as to the amount of any interest or other income accruing under the Plans or Other Contracts, and such instructions shall be revised from time to time to the extent necessary to accurately pay participants their benefits due under the Plans or Other Contracts. A modified Payment Schedule s hall be delivered by the Administrative Committee to the Trustee upon the occurrence of any event, such as early retirement of a participant, requiring a modification of the Payment Schedule. Whenever the Administrative Committee is required to deliver to the Trustee a Payment Schedule or a modified Payment Schedule, the Administrative Committee shall also deliver at the same time to each participant the respective portion of the Payment Schedule or modified Payment Schedule that sets forth the amount payable to that participant. Except as otherwise provided herein, following a Potential Change in Control, the Trustee shall make payments to the participants in accordance with such Payment Schedule. Where a Change in Control does not occur within six (6) months of a Potential Change in Control, the Trustee shall make payments pursuant to the Administrative Committee's direction as provided in 3.2-2.

    4. Following a Change in Control, the Trustee shall make payments to the participants in accordance with the last Payment Schedule delivered to the Trustee prior to the Change in Control adjusted pursuant to the therein provided formula or instructions.

    5. The Trustee shall be permitted to withhold from any payment due to a participant the amount required by law to be withheld under federal, state and local wage withholding requirements or otherwise, and shall pay over to the appropriate government authority the amounts withheld or determine that such amounts have been paid by the Participating Employer. The Trustee may rely on instructions from the Participating Employer as to any required withholding and shall be fully protected under Section 4.1 hereof in relying upon such instructions.

6. The Trustee shall use the assets of the Trust or any Subtrust to make benefit payments or other payments in the following order:

    a. All assets of the Trust or Subtrust other than Policies;

    b. Cash contributions from the Participating Employer; and the Participating Employer may make cash contributions to the Trust to enable the Trustee to make all benefit payments and other payments when due, unless the Participating Employer makes such payments directly, whenever the Trustee advises the Participating Employer that the assets of the Trust or Subtrust, other than Policies with Insurers, are insufficient to make such payments; and

    c. Policies with Insurers held in the Trust or Subtrust; and in using any such Policies, the Trustee shall first borrow the cash surrender value of each such Policy, proceeding in order of Policies from the Policies which have been in force for the longest times (and in alphabetical order based on the last name of the insured for Policies placed in force on the same date) to the Policies which have most recently been placed in force; and thereafter the Trustee shall surrender Policies in the same order of priority as set forth above.

Notwithstanding the foregoing, prior to a Change in Control, the Trustee may use the assets of the Trust or any Subtrust in any other order of priority directed by the Board.

3. Disputed Claims

    1. Prior to a Change in control all disputed claims will be handled pursuant to the claims provision of the Plan which the participant is claiming a benefit.

    2. Following the occurrence of a Potential Change in Control, if a participant reasonably believes that the Payment Schedule does not properly reflect the amount payable to such participant or the time or form of payment from the Trust in respect of the Plans, such participant shall be entitled to deliver to the Trustee written notice (the "Participant's Notice") setting forth payment instructions for the amount the participant believes is due under the relevant terms of the Plans. The participant shall also deliver a copy of the Participant's Notice to the Administrative Committee within ten (10) business days of the delivery to the Trustee. Unless the Trustee receives written objection, including a statement of the particular grounds for such objection, from the Participating Employer within twenty (20) business days after receipt by the Trustee of such notice, the Trustee shall make the payment in accordance with the payment ins tructions set forth in the Participant's Notice. If the Trustee receives written objection from the Participating Employer, the Trustee may independently determine the merits of the claim. If the merits of the claim depend on compensation, service or other data in the possession of the Administrative Committee and it is not provided, the Trustee may rely upon information provided by the participant.

    3. The Trustee shall give notice to the participant and the Administrative Committee of its decision on the claim made pursuant to 3.3-2. Either the participant or the Administrative Committee may challenge the Trustee's decision by filing suit in a court of competent jurisdiction. If no such suit is filed within thirty (30) days after notice of the Trustee's decision, the decision shall become final and binding on all parties. If the decision is to grant the claim, then, following the expiration of the appropriate waiting period and appeals period, the Trustee shall make payment to the participant.

    4. The Trustee may decline to decide a claim and may file suit to have the matter resolved by a court of competent jurisdiction. All of the Trustee's expenses in the court proceeding, including attorneys' fees, shall be allowed as administrative expenses of the Trust.

    5. If the Administrative Committee opposes a claim presented under 3.3-2 and the Trustee or Participating Employer ultimately is required or agrees to pay the claim, the participating Employer shall reimburse the participant's expenses in pursuing the claim, including attorneys' fees at the trial and appellate level.

4. Records

The Trustee shall keep complete records on the Trust fund open to inspection by the Participating Employers, the Board, the Pension Committee and the Administrative Committee at all reasonable times. In addition to accountings required below, the Trustee shall furnish to the Participating Employers, the Board, the Pension Committee and the Administrative Committee any information requested about the Trust fund.

5. Accountings

    1. Prior to a Change in Control the Trustee shall furnish the Administrative Committee with a complete statement of account quarterly within sixty (60) days after the end of each quarter showing assets and liabilities and income and expense for the year of each Subtrust. The form and content of the account shall be sufficient for each Participating Employer to include in computing its taxable income and credits the income, deductions and credits against tax that are attributable to the Trust fund. Subsequent to a Change in Control, the Trustee shall furnish the Participating Employer with a final accounting only.

2. The Administrative Committee may object to an accounting within sixty (60) days after it is furnished and require that it be settled by audit by a qualified, independent certified public accountant. The auditor shall be chosen by the Trustee from a list of at least five (5) such accountants furnished by the Administrative Committee at the time the audit is requested. Either the Administrative Committee or the Trustee may require that the account be settled by a court of competent jurisdiction, in lieu of or in conjunction with the audit. All expenses of any audit or court proceedings, including reasonable attorneys' fees, shall be allowed as administrative expenses of the Trust.

3. If the Administrative Committee does not object to an accounting within the time provided, the account shall be settled for the period covered by the accounting.

4. When an account is settled, it shall be final and binding on all parties, including all participants and persons claiming through them, absent a showing of fraud, willful misconduct or bad faith.

6. Expenses and Fees

1. The Trustee shall be reimbursed for all expenses and shall be paid a reasonable fee fixed by it from time to time. No increase in the fee shall be effective before ninety (90) days after the Trustee gives notice to the Administrative Committee of the increase. The Trustee shall notify the Administrative Committee periodically of expenses and fees.

2. Each Participating Employer shall pay its portion of administrative fees or expenses. If not so paid, the fees and expenses shall be paid from the Trust fund. Each Participating Employer shall reimburse the Trust fund for its portion of any fees and expenses paid out of it.

IV.

LIABILITY

1. Indemnity

The Company shall indemnify and defend the Trustee from any claim, loss, liability or expense arising from any action or inaction in administration of this Trust based on direction or information from the Chief Executive Officer, the Chief Financial Officer, the Pension Committee, the Administrative Committee, or the Board, absent the Trustee's willful misconduct or bad faith.

2. Bonding

The Trustee need not give any bond or other security for performance of its duties under this Trust.

V.

INSOLVENCY

1. Determination of Insolvency

1. A Participating Employer is "Insolvent" for purposes of this Trust if:

a. A Participating Employer is unable to pay its debts as they come due; or

b. A Participating Employer is the subject of a pending proceeding as a debtor under the Bankruptcy Code.

2. The Chief Executive Officer (or, if none, President) and the Board of Directors of any Participating Employer shall promptly give written notice to the Trustee upon that Participating Employer becoming Insolvent. In addition, if the Trustee receives actual knowledge other than by receipt of such a notice, that a Participating Employer is Insolvent, the Trustee shall independently determine whether such insolvency exists. The reasonable expenses of such determination shall be allowed as administrative expenses of the Trust.

3. Upon receipt of the notice from either the Chief Executive Officer (or, if none, President) or the Board of Directors of any Participating Employer or the actual knowledge described in 5.1-2, the Trustee shall discontinue making payments from the Trust fund to the Participating Employer's participants under the Plans and shall commence insolvency administration under 5.2.

4. The Trustee shall have no obligation to investigate the financial condition of the Participating Employer prior to receiving a notice or actual knowledge of insolvency under 5.1-2.

2. Insolvency Administration

1. During insolvency administration the Trustee shall hold each Insolvent Participating Employer's Subtrusts for the benefit of the general creditors of that Participating Employer, and shall make payments only in accordance

with 5.2-2. The Trustee shall continue the investment of the Trust fund in accordance with 2.1.

2. The Trustee shall make payments out of the Trust fund in one or more of the following ways:

    a. To general creditors of the Insolvent Participating Employer in accordance with instructions from a court, or a person appointed by a court, having jurisdiction over the Participating Employer's condition of insolvency;

    b. To plan participants and beneficiaries in accordance with such instructions; or

    c. In payment of its own fees or expenses.

3. The Trustee shall be a secured creditor with a priority claim to the Trust fund with respect to its own fees and expenses.

3. Termination of Insolvency Administration

1. Insolvency administration shall terminate at such times as:

    a. the Trustee has received written notice from the Chief Executive Officer (or, if none, President) and the Board of Directors of the Participating Employer that the Participating Employer has ceased to be Insolvent; or

    b. if the Trustee has received actual knowledge pursuant to 5.1-2 that the Participating Employer is Insolvent, the Trustee determines , after reasonable investigations that the Participating Employer is not or has ceased to be Insolvent.

    Insolvency administration shall also terminate if and when the Trustee is ordered by a court of competent jurisdiction to resume payments to beneficiaries.

2. Upon termination of insolvency administration for the Participating Employer under 5.3-1, each Subtrust shall continue to be held for the benefit of its participants in the Plans. Benefit payments due during the period of insolvency administration shall be made as soon as practicable, together with interest from the due dates at the following rates:

    a. For the Management Deferred Compensation Plan, the rate credited on the participant's account under the Plan.

    b. For the Supplemental Executive Retirement Plan, a rate equal to the interest rate fixed by the Pension Benefit Guaranty Corporation for valuing immediate annuities in the month immediately preceding the determination that the Participating Employer is not Insolvent or has ceased to be Insolvent.

4. Creditors' Claims During Solvency

1. During periods of Solvency, the Trustee shall hold the Trust fund exclusively to pay benefits and fees and expenses until all have been paid. Creditors of the Participating Employers shall not be paid during Solvency from the Trust fund, which may not be seized by or subjected to the claims of such creditors in any way.

2. A period of "Solvency" is any period not covered by 5.2.

VI.

SUCCESSOR TRUSTEES

1. Resignation and Removal

1. The Trustee may resign at any time by notice to the Board (or to the Board and the participants if a Change in Control has occurred). Such resignation shall be effective in sixty (60) days unless the Board and the Trustee agree otherwise. Prior to a Change in Control the Trustee may be removed by the Board on sixty (60) days' notice or shorter notice accepted by the Trustee. When resignation or removal is effective, the Trustee shall begin transfer of assets to the successor Trustee immediately. The transfer shall be completed within sixty (60) days from such resignation or removal, unless the Board extends the time limit.

2. If the Trustee resigns or is removed, the Board (or if a Change in Control has occurred, the Board with Written Consent of Participants) shall appoint a successor by the effective date of such resignation or removal. If no such appointment has been made or if the Board and such participants are unable to so agree upon a successor Trustee within sixty (60) days after such resignation ore removal, the Trustee may apply to a court of competent

jurisdiction for appointment of a successor or for instructions. All expenses including attorney's fees of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

3. "Written Consent of Participants" shall mean consent in writing by seventy five percent (75%) of all Plan participants who are receiving or are eligible for a benefit under one or more of the Plans on the date of the Change in Control. Each participant shall be counted only once in determining the percentage, regardless of the number of Plans or Other Contracts in which the participant participates.

2. Appointment of Successor

1. The Board (or if a Change in Control has occurred, the Board with Written Consent of Participants) may appoint any state or national bank that is unrelated to all Participating Employers as a successor to replace the Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonable requested by the Board or the successor Trustee to evidence the transfer.

2. The successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to Article II. The successor Trustee shall not be responsible for and the Participating Employers shall indemnify and defend the successor Trustee from any claim or liability because of any action or inaction of any prior Trustee or any other past event, any pre-existing condition, or any pre-existing condition, or any pre-existing assets.

3. Accountings; Continuity

1. A Trustee who resigns or is removed shall submit a final accounting to the Administrative Committee within sixty (60) days following notice of its resignation or removal. The accounting shall be received and settled as provided in 3.5 for regular accountings.

2. No resignation or removal of the Trustee or change in identity of the Trustee for any reason shall cause a termination of any Plan, Other Contract or this Trust.

VII.

GENERAL PROVISIONS

1. Interests Not Assignable

1. The interest of a participant in the Trust fund may not be assigned, seized by legal process, transferred or subjected to the claims of the participant's creditors in any way.

2. No Participating Employer may create a security interest in the Trust fund in favor of any of its creditors. The Trustee shall not make payments from the Trust fund of any amounts to creditors of the Participating Employer who are not Plan participants, except as provided in 5.2.

3. The participants shall have no interest in the assets of the Trust fund beyond the right to receive payment from such assets of Plan benefits, and reimbursement of expenses. During insolvency administration, the participants' rights to assets held in the applicable Subtrust shall not be superior to those of any other general creditor of the Participating Employer.

4. Notwithstanding any other provision in this Trust, a participant is a general creditor of the Participating Employer and has no greater rights against the Participating Employer in insolvency than does a general creditor.

2. Amendment

1. The Company, by action of the Board and the Trustee, may amend this Trust at any time by a written instrument executed by both parties. Following a Change in Control, any amendment of this Trust must receive the Written Consent of Participants.

3. Applicable Law

This Trust shall be construed according to the laws of Oregon except as preempted by federal law.

4. Agreement Binding on All Parties

This agreement shall be binding upon the heirs, personal representatives, successors and assigns of any and all present and future parties.

5. Notices and Directions

Any notice or direction under this Trust may be oral, followed by a written communication, and shall be effective when actually received or, if mailed, when deposited postpaid as first-class mail. Mail to a party shall be directed to the address stated in this Trust or to such other address as either party may specify by notice to the other party. Notices to the Board shall be sent to the address of the Company. Notices to participants who have submitted claims under 3.2 shall be mailed to the address shown in the claim submission.

6. No Implied Duties

The duties of the Trustee shall be those stated in this Trust, and no other duties shall be implied.

Company: PORTLAND GENERAL ELECTRIC COMPANY

By: /s/Arleen N. Barnett

Arleen N. Barnett

Its: Vice President

Executed: March 19 , 2003

Trustee: WACHOVIA BANK, N.A.

By: /s/John N. Smith III

Its: Senior Vice President

Executed: March 17 , 2003

Exhibit A

Assumptions and Methodology for

Calculation Required Under 2.2-2 and 2.3

1. The liability will be calculated using two different assumptions as to when the employee receives a Change in Control benefit:

a) As of the date of a Potential Change in Control.

b) Six (6) months after the date of Potential Change in Control assuming future compensation continues at current levels.

The "Benefit Liability" will be the greater of the liabilities calculated in accordance with a) and b) above.

2. Calculations will be based upon the most valuable optional form of payment available to the participant.

3. The discount rate to be used to calculate all present values as of the date of a Potential Change in Control will be the then current Pension Benefit Guaranty Corporation immediate annuity rate for a non multi-employer plan.

4. No mortality is assumed prior to the commencement of benefits. Future mortality is assumed to occur in accordance with the 1983 Group Annuity Table Male rates after the commencement of benefits.

5. Where left undefined by 1. through 4. above, calculations will be performed in accordance with generally accepted actuarial principles.

6. For the purposes of projecting deferral account balances, Moody's bond rate is assumed to remain at the last published rate prior to the date of Potential Change in Control.

PORTLAND GENERAL ELECTRIC COMPANY

OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN

Effective as of March 12, 2003

TABLE OF CONTENTS

INDEX OF TERMS

Beneficiary	2.3	*
Board	2.4	*
Change in Control	2.5	*
Company	2.6	*
Compensation	2.7	*
Compensation Committee	2.8	*
Deferral Election	2.9	*
Determination Date	2.10	*
Direct Subsidiary	2.11	*
Exchange Act	2.5-1	*
Financial Emergency	2.12	*
Indirect Subsidiary	2.13	*
Interest	2.14	*
Outside Director	2.15	*
Participant	2.17	*
Participating Company	2.18	*
PGE	2.5-1	*
PGC Board	2.16	*
Plan	2.19	*
Policies	2.20	*
President	2.21	*

PORTLAND GENERAL ELECTRIC COMPANY

OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN

I.

PURPOSE

1. Purpose

The purpose of this Outside Directors' Deferred Compensation Plan is to provide elective deferred compensation to Outside Directors. It is intended that the Plan will aid in attracting and retaining Outside Directors of exceptional ability.

2. Effective Date

Prior to March 12, 2003, the Portland General Electric Company (the "Company") was a participating employer in the Portland General Holdings, Inc. Outside Directors' Deferred Compensation Plan ("PGH Plan"). The Company's liabilities under the PGH Plan consisted solely of liabilities attributable to benefits accrued during the time that participants in the PGH Plan were serving as directors of the Company prior to March 29, 1986 ("PGE Liabilities"). The Plan is hereby established by the Company effective March 12, 2003, as a successor plan with respect to all of the PGE Liabilities; on March 12, 2003, all of the PGE Liabilities as of the close of business on March 11, 2003, were transferred to the Plan, so that the Company had no remaining liability for the payment of any benefits under the PGH Plan, and all of the PGE Liabilities became the obligation of the Company under the Plan. Further, neither the Plan nor the Company assumes or has any liability for the payment of any benefits owed by any other participating employers in the PGH Plan, whether by reason of the Plan's establishment, its sponsorship by the Company, the transfer of the PGE Liabilities to the Plan, or otherwise.

3. Plan Sponsor

The Plan is maintained for the benefit of previous Outside Directors of Portland General Corporation, an Oregon Corporation, and Outside Directors of any corporations or other entities affiliated with or subsidiary to it, if such corporations or entities have been selected by the Board. **Portland General Electric Company assumes no liability for the payment of any Plan benefit owed by any other Participating Employer, as defined herein, by reason of accepting Plan sponsorship.**

4. Plan Frozen

Effective December 31, 1999, deferrals of Compensation and crediting of deferred Compensation amounts to Participants' Accounts under the Plan ceased.

II.

DEFINITIONS

1. Account

"Account" means the account, maintained by the Participating Company in accordance with ARTICLE IV with respect to any deferral of Compensation pursuant to this Plan.

2. Administrative Committee

"Administrative Committee" means the persons designated by the Board to administer the Plan.

3. Beneficiary

"Beneficiary" means the person, persons or entity entitled under ARTICLE VI to receive any Plan benefits payable after Participant's death.

4. Board

"Board" means the Board of Directors of Portland General Electric Company.

5. Change in Control

"Change in Control" means an occurrence in which:

1. Any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Portland General Electric Company ("PGE"), any trustee or other fiduciary holding securities under an employee benefit plan of PGE, or any Employer owned, directly or indirectly, by the stockholders of PGE in substantially the same proportions as their ownership of stock of PGE), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGE's then outstanding voting securities; or

2. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by PGE's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period of whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

6. Company

"Company" means Portland General Electric Company, an Oregon Corporation.

7. Compensation

"Compensation" means annual retainer and fees for attendance at board and various committee meetings paid to an Outside Director by the Participating Company during the calendar year with respect to duties performed as a member of the board. Compensation, for purposes of this Plan, may include any new form of cash remuneration paid by the Participating Company to an Outside Director which is explicitly designated as deferrable pursuant to this Plan by the Deferral Election form approved by the Administrative Committee. Compensation does not include expense reimbursements, imputed compensation, or any form of noncash compensation or benefits.

8. Compensation Committee

"Compensation Committee" means the Compensation Committee of the Board.

9. Deferral Election

"Deferral Election" means the election completed by the Participant in a form approved by the Administrative Committee which indicates the Participant's irrevocable election to defer Compensation as designated in the Deferral Election, pursuant to ARTICLE III.

10. Determination Date

"Determination Date" means the last day of each calendar month.

11. Direct Subsidiary

"Direct Subsidiary" means any corporation of which a Participating Company owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote.

12. Financial Emergency

"Financial Emergency" means a financial need resulting from a serious unforeseen personal or family emergency, such as an act of God, an adverse business or financial transaction, divorce, serious illness or accident, or death in the family.

13. Indirect Subsidiary

"Indirect Subsidiary" means any corporation of which a Participating Company directly and constructively owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote. In determining the amount of stock of a corporation that is constructively owned by a Participating Company stock owned, directly or constructively, by a corporation shall be considered as being owned proportionately by its shareholders according to such shareholder's share of voting power of all classes of its stock entitled to vote.

14. Interest

"Interest" means the interest yield computed at the monthly equivalent of an annual yield that is three (3) percentage points higher than the annual yield on Moody's Average Corporate Bond Yield Index for the three (3) calendar months preceding the immediately prior month as published by Moody's Investors Service, Inc. (or any successor thereto), or, if such index is no longer published, a substantially similar index selected by the Board.

15. Outside Director

"Outside Director" means a member of the PGC Board who is not an employee of Portland General Electric Company or any Direct Subsidiary or Indirect Subsidiary or affiliate of Portland General Electric Company.

16. PGC Board

"PGC Board" shall mean the Board of Directors of Portland General Corporation.

17. Participant

"Participant" means any eligible Outside Director who has elected to make deferrals under this Plan.

18. Participating Company

"Participating Company" means the Company or any affiliated or subsidiary company designated by the Board as a Participating Company under the Plan, as long as such designation has become effective and continues to be in effect. The designation as a Participating Company shall become effective only upon the acceptance of such designation and the formal adoption of the Plan by a Participating Company. A Participating Company may revoke its acceptance of designation as a Participating Company at any time, but until it makes such revocation, all of the provisions of this Plan and any amendments thereto shall apply to the Outside Directors of the Participating Company and their Beneficiaries.

19. Plan

"Plan" means the Portland General Electric Company Outside Directors' Deferred Compensation Plan, as may be amended from time to time.

20. Policies

"Policies" means any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by the Participating Company.

21. President

"President" means the President of the Company.

III.

ELIGIBILITY AND DEFERRALS

1. Eligibility

1. Eligibility. An Outside Director shall be eligible to participate by making Deferral Elections under paragraph 3.2 below. The Administrative Committee shall notify eligible Outside Directors about the Plan and the benefits provided under it.

2. Cessation of Eligibility. An Eligible Outside Director who ceases to serve on the PGC Board shall cease participating as to new deferrals immediately.

2. Deferral Elections

1. Time of Elections. An eligible Outside Director may elect to participate in the Plan with respect to any calendar year by making an election to defer Compensation in a Deferral Election in a form approved by the Administrative Committee. The Deferral Election must be filed with the Administrative Committee no later than December 15, or such shorter period as designated in the Deferral Election form.

2. Mid-Year Eligibility. If an individual first becomes eligible to participate during a calendar year and wishes to defer Compensation during the remainder of that year, a Deferral Election may be filed no later than thirty (30) days following notification to the Outside Director by the Administrative Committee of eligibility to participate. Such Deferral Election shall be effective only with regard to Compensation earned after it is filed with the Administrative Committee.

3. Irrevocability. A Deferral Election for the following calendar year shall become irrevocable on the December 15 by which it is due under paragraph 3.2-1 and a Deferral Election for the current calendar year shall become irrevocable upon filing with the Administrative Committee under paragraph 3.2-2.

3. Limits on Elective Deferrals

An eligible Outside Director may elect to defer up to one hundred percent (100%) of Compensation. The level elected must be in one percent (1%) increments.

3.4 Nonduplication of Benefits

The PGE Liabilities shall be payable under this Plan, but no benefits shall be earned under this Plan which duplicate benefits earned under the PGH Plan.

IV.

DEFERRED COMPENSATION ACCOUNT

1. Crediting to Account

   The amount of the elective deferrals for a Participant under this Plan shall be credited to an Account for the Participant on the books of the Participating Company at the time the Compensation would have been paid in cash. Any taxes or other amounts due from a Participant with respect to the deferred Compensation under federal, state or local law, shall be withheld from nondeferred Compensation payable to the Participant at the time the deferred amounts are credited to the Account to the extent possible. To the extent not possible, such amounts shall be withheld from deferred Compensation with the balance to be credited to the Participant's Account.

2. Determination of Accounts

   The last day of each calendar month shall be a Determination Date. Each Participant's Account as of each Determination Date shall consist of the balance of the Account as of the immediately preceding Determination Date, plus the Participant's elective deferrals, and Interest credited under this Plan, minus the amount of any distributions made from this Plan since the immediately preceding Determination Date. Interest credited shall be calculated as of each Determination Date based upon the average daily balance of the Account since the preceding Determination Date.

3. Vesting of Accounts

   Account balances in this Plan shall be fully vested at all times.

4. Statement of Accounts

The Administrative Committee shall submit to each Participant, after the close of each calendar quarter and at such other times as determined by the Administrative Committee, a statement setting forth the balance of the Account maintained for the Participant.

V.

PLAN BENEFITS

1. Benefits

   1. Entitlement to Benefits at Termination. Benefits under this Plan shall be payable to a Participant on termination of membership on all boards of Participating Companies. The amount of the benefit shall be the balance of the Participant's Account including Interest to the date of payment, in the form elected under Paragraph 5.3 below.

   2. Entitlement to Benefits at Death. Upon the death of a Participant for whom an Account is held under this Plan, a death benefit shall be payable to the Participant's Beneficiary in the same form as the Participant elected for payments at termination of service on the Board, under paragraph 5.3 below. The amount of the benefit shall be the balance of the Participant's Account including Interest to the date of payment.

2. Withdrawals for Financial Emergency

   A Participant may withdraw part or all of the Participant's Account for a Financial Emergency as follows:

   1. Determination. The existence of a Financial Emergency and the amount to be withdrawn shall be determined by the Administrative Committee.

   2. Suspension. A Participant who makes a withdrawal for Financial Emergency shall be suspended from participation for twelve (12) months from the date of withdrawal. Compensation payable during such suspension that would have been deferred under this Plan shall instead be paid to the Participant.

3. Form of Benefit Payment

   1. The Plan benefits attributable to the elective deferrals for any calendar year shall be paid in one (1) of the forms set out below, as elected by the Participant in the form of payment designation filed with the Deferral Election

for that year. The forms of benefit payment are:

a. A lump sum payment; or

b. Monthly installment payments in substantially equal payments of principal and Interest over a period of up to one hundred eighty (180) months. The amount of the installment payment shall be redetermined on the first day of the month coincidental with or next following the anniversary of the date of termination each year, based upon the then current rate of Interest, the remaining Account balance, and the remaining number of payment periods.

c. For Participants designated by the President to the Administrative Committee, monthly installment payments over a period of up to one hundred eighty (180) months, consisting of interest only payments for up to one hundred twenty (120) months and principal and interest payments of the remaining Account balance over the remaining period. The amount of the installment payment shall be redetermined on the first day of the month coincidental with or next following the anniversary of the date of termination each year, based upon the then current rate of Interest, the remaining Account balance, and the remaining number of payment periods.

d. In the event the account balance is ten thousand ($10,000) or less, that benefit will be paid out in a lump sum notwithstanding the form of benefit payment elected by the Participant.

2. A Participant may elect to file a change of payment designation which shall supersede all prior form of payment designations with respect to the Participant's entire Account. The Participant may redesignate a combination of lump sum and monthly installments if approved by the Administrative Committee. If, upon termination, the Participant's most recent change of payment designation has not been in effect for twelve (12) full months prior to such termination, then the prior election shall be used to determine the form of payment. The Administrative Committee may, in its sole discretion, direct that plan benefits be paid pursuant to the change of payment designation, notwithstanding the twelve (12) month requirement.

3. Participants designated by the President to the Administrative Committee may elect to file a change of payment designation which shall supersede all prior form of payment designations with respect to the Participant's entire Account. The Participant may redesignate monthly installment payments over a period of up to one hundred eighty (180) months, consisting of interest only payments for up to one hundred twenty (120) months and principal and interest payments of the remaining Account balance over the remaining period. To be effective, such designation must be approved by the President and the Administrative Committee. If, upon termination, the Participant's most recent change of payment designation has not been in effect for twelve (12) full months prior to such termination, then the prior election shall be used to determine the form of payment. The Administrative Committee may, in its sole discretion, direct that Plan benefits be paid pursuant to the change of payment designation, n otwithstanding the twelve (12) month requirement.

4. Accelerated Distribution

Notwithstanding any other provision of the Plan, a Participant shall be entitled to receive, upon written request to the Administrative Committee, a lump sum distribution of all or a portion of the vested Account balance, subject to the following:

1. Penalty.

a. If the distribution is requested within thirty-six (36) months following a Change in Control, six percent (6%) of the account shall be forfeited and ninety-four percent (94%) of the account paid to the Participant.

b. If the distribution is requested at any time other than that in (i) above, ten percent (10%) of the account shall be forfeited and ninety percent (90%) of the account paid to the Participant.

2. Suspension. A Participant who receives a distribution under this section shall be suspended from participation in this Plan for twelve (12) calendar months from the date of such distribution. The account balance shall be as of the Determination Date immediately preceding the date on which the Administrative Committee receives the written request. The amount payable under this section shall be paid in a lump sum within sixty-five (65) days following the receipt of the Participant's written request by the Administrative Committee.

5. Taxes

Each Participating Company shall withhold from payments made hereunder any taxes required to be withheld from a Participant's Compensation for the federal or any state or local government. Withholding shall also apply to Beneficiary, unless an election against withholding is made under Section 3405(a)(2) of the Internal Revenue Code.

6. Commencement of Payments

Payment shall commence at the discretion of the Administrative Committee, but not later than sixty-five (65) days after the end of the month in which a Participant retires, dies or otherwise terminates membership on the Board. All payments shall be made as of the first day of the month.

7. Full Payment of Benefits

Notwithstanding any other provision of this Plan, all benefits shall be paid no later than one hundred eighty (180) months following the date payment to Participant commences.

8. Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Administrative Committee may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Administrative Committee may require proof of incompetency, minority, incapacity or guardianship as he may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Administrative Committee, the Participating Company and the Company from all liability with respect to such benefit.

VI.

BENEFICIARY DESIGNATION

1. Beneficiary Designation

Each Participant shall have the right, at any time, to designate one (1) or more persons or entities as the Participant's Beneficiary, primary as well as secondary, to whom benefits under this Plan shall be paid in the event of the Participant's death prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Administrative Committee and will be effective only when filed with the Administrative Committee during the Participant's lifetime.

2. Amendments

Any Beneficiary designation may be changed by a Participant without the consent of any Beneficiary by the filing of a new Beneficiary designation with the Administrative Committee. If a Participant's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted under applicable law.

3. No Beneficiary Designation

In the absence of an effective Beneficiary designation, or if all Beneficiaries predecease a Participant, the Participant's estate shall be the Beneficiary. If a Beneficiary dies after a Participant and before payment of benefits under this Plan has been completed, the remaining benefits shall be payable to the Beneficiary's estate.

4. Effect of Payment

Payment to the Beneficiary shall completely discharge the Participating Company's obligations under this Plan.

VII.

ADMINISTRATION

1. Administrative Committee; Duties

This Plan shall be administered by an Administrative Committee as designated by the Board. Members of the Compensation Committee may be participants under this Plan. The Administrative Committee shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of this Plan as may arise in connection with the Plan. The Administrative Committee shall report to the Compensation Committee on an annual basis regarding Plan activity, and at such other times as may be requested by the Compensation Committee.

2. Agents

In the administration of the Plan, the Administrative Committee may, from time to time, employ agents and delegate to such agents, including employees of any Participating Company, such administrative duties as it sees fit, and may from time to time consult with counsel, who may be counsel to any Participating Company.

3. Binding Effect of Decisions

The decision or action of the Administrative Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

4. Indemnity of Administrative Committee; Compensation Committee

Each Participating Company shall indemnify and hold harmless the Administrative Committee, the Compensation Committee, and their individual members, against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

5. Availability of Plan Documents

Each Participant shall receive a copy of this Plan, and the Administrative Committee shall make available for inspection by any Participant a copy of the rules and regulations used in administering the Plan.

6. Cost of Plan Administration

The Company shall bear all expenses of administration. However, a ratable portion of the expense shall be charged back to each Participating Company.

VIII.

CLAIMS PROCEDURE

1. Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan or requesting information under the Plan shall present the request in writing to the Administrative Committee or its delegatee who shall respond in writing as soon as practicable.

2. Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

1. The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

2. A description of any additional material or information required and an explanation of why it is necessary.

3. An explanation of the Plan's claim review procedure.

3. Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Administrative Committee. The claim or request shall be reviewed by the Administrative Committee, which may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

4. Final Decision

The decision by the Administrative Committee on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

IX.

AMENDMENT AND TERMINATION OF PLAN

1. Amendment

The Administrative Committee may amend the Plan from time to time as may be necessary for administrative purposes and legal compliance of the Plan, provided, however, that no such amendment shall affect the benefit rights of Participants or Beneficiaries in the Plan. The Compensation Committee may amend the Plan at any time, provided, however, that no amendment shall be effective to decrease or restrict the accrued rights of Participants and

Beneficiaries to the amounts in their Accounts at the time of the amendment. Such amendments shall be subject to the following:

1. Preservation of Account Balance. No amendment shall reduce the amount accrued in any Account to the date such notice of the amendment is given.

2. Changes in Interest Rate. No amendment shall reduce the rate of Interest to be credited, after the date of the amendment, on the amount already accrued in any Account or on the deferred Compensation credited to any Account under Deferral Elections already in effect on the date of the amendment.

2. Termination

The board of directors of each Participating Company may at any time, in its sole discretion, terminate or suspend the Plan in whole or in part. However, no such termination or suspension shall adversely affect the benefits of Participants which have accrued prior to such action, the benefits of any Participant who has previously retired, the benefits of any Beneficiary of a Participant who has previously died, or already accrued Plan liabilities between Participating Companies.

3. Payment at Termination

If the Plan is terminated, payment of each Account to a Participant or a Beneficiary for whom it is held shall commence pursuant to Paragraph 5.6, and shall be paid in the form designated by the Participant.

X.

MISCELLANEOUS

1. Unfunded Plan

This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for Outside Directors. This Plan is not intended to create an investment contract, but to provide retirement benefits to eligible individuals who have elected to participate in the Plan. Eligible individuals are directors of the Participating Company, who by virtue of their position with the Participating Company, are uniquely informed as to the Participating Company's operations and have the ability to materially affect the Participating Company's profitability and operations.

2. Liability

1. Liability for Benefits. Except as otherwise provided in this paragraph, liability for the payment of a Participant's benefit pursuant to this Plan shall be borne solely by the Participating Company for which the Participant serves during the accrual or increase of the Plan benefit, and no liability for the payment of any Plan benefit shall be incurred by reason of Plan sponsorship or participation except for the Plan benefits of a Participating Company's own Outside Directors. Provided, however, that each Participating Company, by accepting the Board's designation as a Participating Company under the Plan and formally adopting the Plan, agrees to assume secondary liability for the payment of any benefit accrued or increased while a Participant serves on the board of directors of a Participating Company that is a Direct Subsidiary or Indirect Subsidiary of the Participating Company at the time such benefit is accrued or increased. Such liability shall survive any revocation of designat ion as a Participating Company with respect to any liabilities accrued at the time of such revocation. Nothing in this paragraph shall be interpreted as prohibiting any Participating Company or any other person from expressly agreeing to the assumption of liability for a Plan Participant's payment of any benefits under the Plan.

2. Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors and assigns shall have no secured legal or equitable rights, interest or claims in any property or assets of the Participating Company, nor shall they be beneficiaries of, or have any rights, claims or interests in any Policies or the proceeds therefrom owned or which may be acquired by the Participating Company. Except as provided in paragraph 10.3, such Policies or other assets of the Participating Company shall not be held under any trust for the benefit of Participants, their Beneficiaries, heirs, successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Participating Company under this Plan. Any and all of the Participating Company's assets and Policies shall be, and remain, the general, unpledged, unrestricted assets of the Participating Company. Participating Company's obligation under the Plan shall be that of an unfunded and unsecured promise to pay money in the future.

3. Trust Fund

At its discretion, each Participating Company, jointly or severally, may establish one (1) or more trusts, with such trustee as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Participating Company's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Participating Company shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by the Participating Company.

4. Nonassignability

Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be nonassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

5. Protective Provisions

A Participant will cooperate with the Participating Company by furnishing any and all information requested by the Participating Company, in order to facilitate the payment of benefits hereunder, and by taking such physical examination as the Participating Company may deem necessary and taking such other action as may be requested by the Participating Company.

6. Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

7. Terms

In this Plan document, unless the context clearly indicates the contrary, the masculine gender will be deemed to include the feminine gender, and the singular shall include the plural.

8. Validity

In case any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

9. Notice

Any notice or filing required or permitted to be given to the Administrative Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Administrative Committee, or to the Secretary of the Participating Company. Notice mailed to the Participant shall be at such address as is given in the records of the Participating Company. Notice to the Administrative Committee, if mailed, shall be addressed to the principal executive offices of the Company. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10. Successors

The provisions of this Plan shall bind and inure to the benefit of each Participating Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of a Participating Company, and successors of any such corporation or other business entity.

11. Not a Contract of Service

The terms and conditions of this Plan shall not be deemed to constitute a contract of service between a Participating Company and a Participant and neither a Participant nor a Participant's Beneficiary shall have any rights against a Participating Company except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained on the Board of a Participating Company nor shall it interfere with the Participant's right to terminate his directorship at any time.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its officers thereunto duly authorized, this 19 day of March , 2003.

PORTLAND GENERAL ELECTRIC COMPANY

By: /s/Arleen N. Barnett

Arleen N. Barnett

Its: Vice President

PORTLAND GENERAL ELECTRIC COMPANY

RETIREMENT PLAN FOR OUTSIDE DIRECTORS

Effective as of March 12, 2003

Table of Contents

INDEX OF TERMS

PORTLAND GENERAL ELECTRIC COMPANY

RETIREMENT PLAN FOR OUTSIDE DIRECTORS

I.

PURPOSE

1. Purpose

The Portland General Electric Company Retirement Plan for Outside Directors is designed to enhance the Participating Companies' ability to attract and retain competent and experienced Directors by providing retirement benefits for certain Directors who retire after the Effective Date.

2. Effective Date

Prior to March 12, 2003, the Portland General Electric Company (the "Company") was a participating employer in the Portland General Holdings, Inc. Retirement Plan for Outside Directors ("PGH Plan"). The Company's liabilities under the PGH Plan consisted solely of liabilities attributable to benefits accrued during the time that participants in the PGH

Plan were serving as directors of the Company prior to March 29, 1986 ("PGE Liabilities"). The Plan is hereby established by the Company effective March 12, 2003, as a successor plan with respect to all of the PGE Liabilities; on March 12, 2003, all of the PGE Liabilities as of the close of business on March 11, 2003, were transferred to the Plan, so that the Company had no remaining liability for the payment of any benefits under the PGH Plan, and all of the PGE Liabilities became the obligation of the Company under the Plan. Further, neither the Plan nor the Company assumes or has any liability for the payment of any benefits owed by a ny other participating employers in the PGH Plan, whether by reason of the Plan's establishment, its sponsorship by the Company, the transfer of the PGE Liabilities to the Plan, or otherwise.

3. Plan Sponsor

The Plan is maintained for the benefit of previous Outside Directors of Portland General Corporation, an Oregon corporation, and Outside Directors of any corporations or other entities affiliated with or subsidiary to it, if such corporations or entities are selected by the Board. **Portland General Electric Company assumes no liability for the payment of any Plan benefit owed by any other Participating Employer, as defined herein, by reason of accepting Plan sponsorship.**

II.

DEFINITIONS

1. Actuarially Equivalent

"Actuarially Equivalent" shall mean the equivalence in value between two (2) or more forms and/or times of payment based upon a determination by an actuary chosen by the Administrative Committee using a discount rate equal to the 30-year Treasury Bill rate on the January 1st of the year in which the determination occurs plus one percent (1%) and the unisex mortality table chosen by the actuary, which choice shall be binding on all parties.

2. Administrative Committee

"Administrative Committee" shall mean the persons designated by the Board to administer the Plan.

3. Benefit Service

"Benefit Service" shall mean the continuous amount of time, in completed months, as an Outside Director. Benefit Service shall commence on the Outside Director's first election to the Board as an Outside Director and shall end at the last Board or committee meeting the Outside Director attends. Concurrent service on more than one Participating Company's Board shall be counted only once as actual months of service.

4. Board

"Board" shall mean the Board of Directors of Portland General Electric Company.

5. Change in Control

A "Change in Control" shall mean:

1. Any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Portland General Electric Company ("PGE"), any trustee or other fiduciary holding securities under an employee benefit plan of PGE, or any Employer owned, directly or indirectly, by the stockholders of PGE in substantially the same proportions as their ownership of stock of PGE), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGE's then outstanding voting securities; or

2. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by PGE's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period of whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

6. Company

"Company" shall mean Portland General Electric Company, an Oregon corporation.

7. Compensation

"Compensation" shall mean the greater of actual annual retainer and fees for attendance at PGC Board and various committee meetings that the Outside Director earned in the last 12 months of Benefit Service, or one-third (1/3) of the total annual retainer and fees earned in the last thirty-six (36) months of Benefit Service.

8. Compensation Committee

"Compensation Committee" shall mean the Compensation Committee of the Board.

9. Dependent

"Dependent" shall mean an unmarried child of the Outside Director until the age of nineteen (19) (age twenty-six (26) if a full-time student). An unmarried child shall also qualify as a Dependent by reason of mental retardation or physical handicap for as long as the condition exists, if such child qualifies as a dependent under regulations set forth by the Internal Revenue Service by reason of such mental retardation or physical handicap.

10. Direct Subsidiary

"Direct Subsidiary" means any corporation of which a Participating Company owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote.

11. Effective Date

"Effective Date" shall mean March 12, 2003.

12. Indirect Subsidiary

"Indirect Subsidiary" means any corporation of which a Participating Company directly and constructively owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote. In determining the amount of stock of a corporation that is constructively owned by a Participating Company, stock owned, directly or constructively, by a corporation shall be considered as being owned proportionately by its shareholders according to such shareholders' share of voting power of all classes of its stock entitled to vote.

13. Marriage

"Marriage" shall mean the Marriage or Remarriage of a Participant prior to their separation from service on the Board.

14. Outside Director

"Outside Director" shall mean a member of the PGC Board who is not an employee of Portland General Electric Company or any Direct Subsidiary or Indirect Subsidiary or affiliate of Portland General Electric Company.

15. PGC Board

"PGC Board" shall mean the Board of Directors of Portland General Corporation, or the Board of Directors of the successor corporation established pursuant to the Amended and Restated Agreement and Plan of Merger by and among Enron Corp., Portland General Corporation and Enron Oregon Corp., dated as of July 20, 1996, or any Advisory Committee to the Portland General Electric Company or the board or officers of a corporation qualifying as a Participating Company of the Plan, including subsidiaries and joint venture partners, the status of which shall be determined at the discretion of the Administrative Committee.

16. Participant

"Participant" shall mean any eligible Outside Director elected to the PGC Board prior to the Suspension Date.

17. Participating Company

"Participating Company" shall mean the Company or any affiliated or subsidiary company designated by the Board as a Participating Company under the Plan, as long as such designation has become effective and continues to be in effect. The designation as a Participating Company shall become effective only upon acceptance of such designation and the formal adoption of the Plan by a Participating Company. A Participating Company may revoke its acceptance of designation as a Participating Company at any time, but until it makes such revocation, all of the provisions of this Plan and any amendments thereto shall apply to the Outside Directors of the Participating Company and their Beneficiaries.

18. Plan

"Plan" shall mean the Portland General Electric Company Retirement Plan for Outside Directors.

19. Retirement Date

"Retirement Date" shall mean the first day of the month coincident with or next following the date of separation from service as an Outside Director, other than by death, after the earlier of age seventy (70) or ten (10) years of Benefit Service.

20. Spouse

"Spouse" shall mean the person to whom the Outside Director was legally married at the Outside Director's date of death.

21. Suspension Date

"Suspension Date" shall mean January 1, 1996.

22. Termination

"Termination" shall mean removal from the PGC Board by shareholders during a current term of office.

III.

RETIREMENT BENEFITS

1. Eligibility

Each Participant who reaches a Retirement Date on or after the Effective Date shall be eligible for retirement benefits under this Plan. Benefits shall be payable to such Participant under this Plan when the Participant no longer serves on the PGC Board.

2. Benefit Upon Retirement

1. The annual benefit payable under this Plan shall equal five percent (5%) of Compensation for each of the first ten (10) years of Benefit Service plus two and one-half percent (2.5%) of Compensation for each of the next ten (10) years of Benefit Service up to a maximum benefit of seventy-five percent (75%) of Compensation for years of Benefit Service completed prior to the Suspension Date. No further accruals shall be made following the Suspension Date.

2. All Participants shall be vested in their accrued benefit as of the Suspension Date.

3. Form of Benefit Payment

The benefits shall be paid in the form elected by the Participant at the time the Outside Director becomes a Participant in the Plan. Except in the case of Marriage of a Participant (in which case a Participant may reelect), this election shall be made one time and shall be irrevocable. The election shall be in the form prescribed by the Company and filed with the Administrative Committee. The following options shall be available:

1. If the Participant is unmarried as of the Retirement Date, the benefit shall be paid:

a. As a straight life annuity; or

b. Over a length of time equal to the lesser of the Outside Director's Benefit Service or the Outside Director's lifetime.

2. If the Participant is married as of the Retirement Date, the benefit may be paid:

a. As a straight life annuity; or

b. As a fifty percent (50%) joint and survivor annuity; or

c. As a one hundred percent (100%) joint and survivor annuity; or

d. Over a period of time equal to the Outside Director's Benefit Service so long as the Outside Director or Spouse is living; or

e. Over a length of time equal to the lesser of the Outside Director's Benefit Service or the Outside Director's lifetime, or upon death, survivor benefit payable for the lesser of Spouse's life, twelve (12) months, or Outside Director's Benefit Service.

Benefits paid in a form other than pursuant to Sections 3.3-1(b) or 3.3-2(e) shall be calculated on an Actuarially Equivalent basis. In the event an election is not on file at the time benefit payments commence, benefits shall be paid as a straight life annuity if the Participant is unmarried or a fifty percent (50%) joint and survivor annuity if

the Participant is married. One-twelfth (1/12) of the annual benefit shall be payable monthly on the first day of each month.

3. If the benefit to be paid is less than ten thousand dollars ($10,000) as of the Suspension Date, a lump-sum payment shall be paid notwithstanding the form elected.

4. Commencement of Payment

Benefit payments shall commence within thirty (30) days following separation from service on the Board.

3.5 Nonduplication of Benefits

The PGE Liabilities shall be payable under this Plan, but no benefits shall be earned under this Plan which duplicate benefits earned under the PGH Plan.

IV.

BENEFITS AFTER CHANGE IN CONTROL

1. Benefit Upon a Change in Control

Upon the Termination of a Participant within three (3) years following a Change in Control, the following shall apply to the benefits for each Participant who is an Outside Director at the time such Change in Control occurs:

1. A benefit shall be payable regardless of the Outside Director's Benefit Service, Retirement Date, or age.

2. The annual benefit payable shall equal five percent (5%) of Compensation for each of the first ten (10) years of Benefit Service plus two and one-half percent (2.5%) of Compensation for each of the remaining years of Benefit Service, up to ten (10) years of Benefit Service, for years of Benefit Service completed prior to the Suspension Date, except that the Participant's total benefit shall not exceed seventy-five percent (75%) of Compensation.

2. Form of Payment

A benefit, Actuarially Equivalent to the benefit payable over the lesser of twenty (20) years or years of service on the Board as computed under 4.1-2, shall be paid in a lump sum.

3. Commencement of Payment

Benefit payment shall be made within sixty (60) days following Termination of the Outside Director.

V.

SURVIVOR BENEFITS

1. Survivor Benefit

If an Outside Director, who is eligible for a retirement benefit, dies while serving on the PGC Board, a survivor's benefit equal to the Participant's monthly Retirement benefit shall be paid to the Spouse of the Outside Director. Such benefit shall be the Actuarially Equivalent amount payable under this Plan, as of the Suspension Date, as if the Outside Director had retired on the first day of the month in which he or she died and had been receiving the benefit as elected under Sections 3.3-2(b), (c), (d) or (e).

2. Cessation of Benefit Upon Remarriage

In the event a Spouse receiving benefits under this Plan remarries, such Spouse will stop receiving, as of the date of remarriage, any further monthly benefits from this Plan . However, in lieu of any further monthly benefits from this Plan, a Spouse will receive the lesser of the remaining monthly benefits or six (6) months of benefits in a lump sum within forty-five

(45) days from the date of such remarriage. In the event the Administrative Committee is not notified of such remarriage within six (6) months, no benefit shall be payable under this Section.

VI.

ADMINISTRATION

1. Administrative Committee; Duties

   This Plan shall be administered by the Administrative Committee, as designated by the Board. Members of the Compensation Committee may be Participants under this Plan. The Administrative Committee shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of this Plan as may arise in connection with the Plan. The Administrative Committee shall report to the Compensation Committee on an annual basis regarding Plan activity and at such other times as may be requested by the Compensation Committee.

2. Agents

   In the administration of the Plan, the Administrative Committee may, from time to time, employ agents and delegate to such agents, including employees of any Participating Company, such administrative duties as it sees fit, and may, from time to time, consult with counsel, who may be counsel to any Participating Company.

3. Binding Effect of Decisions

   The decision or action of the Administrative Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

4. Indemnity of Administrative Committee; Compensation Committee

   Each Participating Company shall indemnify and hold harmless the Administrative Committee and the Compensation Committee and their individual members against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

5. Availability of Plan Documents

   Each Participant shall receive a copy of this Plan, and the Administrative Committee shall make available for inspection by any Participant a copy of the rules and regulations used in administering the Plan.

6. Cost of Plan Administration

The Company shall bear all expenses of administration. However, a ratable portion of the expense shall be charged back to each Participating Company.

VII.

CLAIMS PROCEDURE

1. Claim

   Any person claiming a benefit, requesting an interpretation or ruling under the Plan or requesting information under the Plan shall present the request in writing to the Administrative Committee or his delegatee who shall respond in writing as soon as practicable.

2. Denial of Claim

   If the claim or request is denied, the written notice of denial shall state:

   1. The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

   2. A description of any additional material or information required and an explanation of why it is necessary.

3. An explanation of the Plan's claim review procedure.

3. Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Administrative Committee. The claim or request shall be reviewed by the Administrative Committee, who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

4. Final Decision

The decision of the Administrative Committee on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

VIII.

AMENDMENT AND TERMINATION OF PLAN

1. Amendment

The Administrative Committee may amend the Plan from time to time as may be necessary for administrative purposes and legal compliance, provided, however, that no such amendment shall affect the benefit rights of Participants or Beneficiaries in the Plan. The Compensation Committee may amend the Plan at any time, provided, however, that no amendment shall be effective to decrease or restrict the rights of Participants and Beneficiaries to the benefit accrued at the time of the amendment.

2. Termination

The board of directors of each Participating Employer may at any time, in its sole discretion, terminate or suspend the Plan in whole or in part for that Participating Employer. However, no such termination or suspension shall adversely affect the benefits of Participants which have accrued prior to such action, the benefits of any Participant who has previously retired, the benefits of any Beneficiary of a Participant who has previously died, or already accrued Plan liabilities between Participating Employers.

IX.

MISCELLANEOUS

1. Unfunded Plan

This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of Outside Directors.

2. Liability

1. Liability for Benefits. Except as otherwise provided in this paragraph, liability for the payment of a Participant's benefit pursuant to this Plan shall be borne solely by the Participating Company for which the Participant serves during the accrual or increase of the Plan benefit, and no liability for the payment of any Plan benefit shall be incurred by reason of Plan sponsorship or participation except for the Plan benefits of a Participating Company's own Outside Directors. Provided, however, that each Participating Company, by accepting the Board's designation as a Participating Company under the Plan and formally adopting the Plan, agrees to assume secondary liability for the payment of any benefit accrued or increased while a Participant serves on the board of directors of a Participating Company that is a Direct Subsidiary or Indirect Subsidiary of the Participating Company at the time such benefit is accrued or increased. Such liability shall survive any revocation of designat ion as a Participating Employer with respect to any liabilities accrued at the time of such revocation. Nothing in this paragraph shall be interpreted as prohibiting any Participating Company or any other person from expressly agreeing to the liability for a Plan Participants' payment of any benefits under the Plan.

2. Unsecured General Creditor. Participants of this Plan, and any Spouse, Dependents, heirs, successors, and assigns shall have no secured legal or equitable rights, interest or claims in any property or assets of Participating Company, nor shall they be beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Participating Company. Except

as provided in Section 9.3, such policies, annuity contracts or other assets of Participating Company shall not be held under any trust for the benefit of any Participant, Spouse, Dependents, heirs, successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of Participating Company under this Plan. Any and all of Participating Company's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of Participating Company. Participating Company's obligation under the Plan shal l be that of an unfunded and unsecured promise to pay money in the future.

3. Trust Fund

At its discretion, each Participating Company, jointly or severally, may establish one or more trusts, with such trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of Participating Company's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, Participating Company shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, Participating Company.

4. Nonassignability

Neither a Participant of this Plan nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be nonassignable and nontransferable. No part of the amount payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

5. Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Administrative Committee may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Administrative Committee may require proof of incompetency, minority, incapacity or guardianship as he may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Administrative Committee, the Compensation Committee and the Company from all liability with respect to such benefit.

6. Terms

In this Plan document, unless the context clearly indicates the contrary, the masculine gender will be deemed to include the feminine gender, and the singular shall include the plural.

7. Protective Provisions

A Participant shall cooperate with Participating Company by furnishing any and all information requested by Participating Company, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as Participating Company may deem necessary and taking such other action as may be requested by Participating Company.

8. Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

9. Validity

If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10. Notice

Any notice or filing required or permitted to be given to the Administrative Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Administrative Committee or the Secretary of Company. Notice, if mailed, shall be addressed to the principal executive offices of Company. Notice mailed to the Participant shall be at such address as is given in the records of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

11. Successors

The provisions of this Plan shall bind and inure to the benefit of Participating Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger,

consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of Participating Company, and successors of any such corporation or other business entity.

12. Not a Contract of Service

The terms and conditions of this Plan shall not be deemed to constitute a contract of service between a Participating Company and a Participant, and neither a Participant nor a Participant's Spouse or Dependent shall have any rights against a Participating Company except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained on the Board of a Participating Company nor shall it interfere with the Participant's right to terminate his directorship at any time.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its officers thereunto duly recognized, this 19 day of March , 2003.

PORTLAND GENERAL ELECTRIC COMPANY

By: /s/Arleen N. Barnett

Arleen N. Barnett

Its: Vice President

PORTLAND GENERAL ELECTRIC COMPANY

OUTSIDE DIRECTORS' LIFE INSURANCE BENEFIT PLAN

Effective as of March 12, 2003

Table of Contents

INDEX OF TERMS

Participant's Share	2.16	*
Participating Company	2.17	*
Participating Company's Share of Premium	2.18	*
PGC Board	2.19	*
PGE	2.5-1	*
Plan	2.20	*
Policy	2.21	*
Retirement	2.22	*

PORTLAND GENERAL ELECTRIC COMPANY

OUTSIDE DIRECTORS' LIFE INSURANCE BENEFIT PLAN

I.

PURPOSE

1. Purpose

This Plan has been established to provide Outside Directors of Portland General Corporation and Participating Companies with supplemental life insurance protection for their families in the event of death under a spit dollar arrangement.

2. Effective Date

Prior to March 12, 2003, the Portland General Electric Company (the "Company") was a participating employer in the Portland General Holdings, Inc. Outside Directors' Life Insurance Benefit Plan ("PGH Plan"). The Company's liabilities under the PGH Plan consisted solely of liabilities attributable to benefits accrued during the time that participants in the PGH Plan were serving as directors of the Company prior to March 29, 1986 ("PGE Liabilities"). The Plan is hereby established by the Company effective March 12, 2003, as a successor plan with respect to all of the PGE Liabilities; on March 12, 2003, all of the PGE Liabilities as of the close of business on March 11, 2003, were transferred to the Plan, so that the Company had no remaining liability for the payment of any benefits under the PGH Plan, and all of the PGE Liabilities became the obligation of the Company under the Plan. Further, neither the Plan nor the Company assumes or has any liability for the payment of any benefits o wed by any other participating employers in the PGH Plan, whether by reason of the Plan's establishment, its sponsorship by the Company, the transfer of the PGE Liabilities to the Plan, or otherwise.

II.

DEFINITIONS

1. Administrative Committee

"Administrative Committee" shall mean the persons designated by the Board to administer the Plan.

2. Board

"Board" shall mean the Board of Directors of Portland General Electric Company.

3. Cash Value

"Cash Value" shall mean the Policy's cash value as that term is defined in the Policy.

4. Cause

"Cause" shall mean a breach of fiduciary duty while a member of the Board.

5. Change in Control

"Change in Control" shall mean an occurrence in which:

1. Any "person," as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Portland General Electric Company ("PGE"), any trustee or other fiduciary holding securities under an employee benefit plan of PGE, or any Employer owned, directly or indirectly, by the stockholders of PGE in substantially the same proportions as their ownership of stock of PGE), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGE's then outstanding voting securities; or

2. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by PGE's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

6. Company

"Company" shall mean Portland General Electric Company, an Oregon corporation.

7. Compensation Committee

"Compensation Committee" shall mean the Compensation Committee of the Board.

8. Date of Participation

"Date of Participation" shall mean the earlier of the date on which the Policy is issued or the date on which the Insurer agrees to bind coverage.

9. Direct Subsidiary

"Direct Subsidiary" means any corporation of which a Participating Company owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote.

10. Indirect Subsidiary

"Indirect Subsidiary" shall mean any corporation of which a Participating Company directly and constructively owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote. In determining the amount of stock of a corporation that is constructively owned by a Participating Company, stock owned, directly or constructively, by a corporation shall be considered as being owned proportionately by its shareholders according to such shareholders' share of voting power of all classes of its stock entitled to vote.

11. Insurer

"Insurer" shall mean any insurance company issuing a Policy under this Plan.

12. Merger Agreement

"Merger Agreement" shall mean the Amended and Restated Agreement and Plan of Merger by and among Enron Corp., Portland General Corporation and Enron Oregon Corp., dated as of July 20, 1996, as that Agreement may be amended or restated from time to time.

13. Net Single Premium

"Net Single Premium" shall mean the amount calculated by an enrolled actuary selected by the Administrative Committee, required to obtain the level death benefit promised in Table I, calculated using the 1983 Group Annuity Table male rates and employing continuous functions.

14. Outside Director

"Outside Director" shall mean a member of the PGC Board who is not an employee of Portland General Electric Company or any Direct Subsidiary or affiliate of Portland General Electric Company.

15. Participant

"Participant" shall mean an Outside Director elected to the Board prior to January 1, 1996, who has elected to participate in the Plan.

16. Participant's Share

"Participant's Share" shall mean the aggregate portion of premiums contributed by the Participant.

17. Participating Company

"Participating Company" shall mean the Company or any affiliated or subsidiary company designated by the Board as a Participating Company under the Plan, as long as such designation has become effective and continues to be in effect. The designation as a Participating Company shall become effective only upon the acceptance of such designation and the formal adoption of the Plan by a Participating Company. A Participating Company may revoke its acceptance of designation as a Participating Company at any time, but until it makes such revocation, all of the provisions of this Plan and any amendments thereto shall apply to the Participants and their beneficiaries of the Participating Company.

18. Participating Company's Share of Premium

"Company's Share of Premium" shall mean the aggregate amount of insurance premium paid by the Participating Company less the Participant's Share.

19. PGC Board

"PGC Board" shall mean the Board of Directors of Portland General Corporation, or the Board of Directors of the successor corporation established pursuant to the Merger Agreement, or any Advisory Committee to the Portland General Electric Company or the board or officers of a corporation qualifying as a Participating Company of the Plan, including subsidiaries and joint venture partners, the status of which shall be determined at the discretion of the Administrative Committee.

20. Plan

"Plan" shall mean the Portland General Electric Company Outside Directors' Life Insurance Benefit Plan, as amended from time to time.

21. Policy

"Policy" shall mean each life insurance policy which is issued by an insurer on the life of the Participant.

22. Retirement

"Retirement" shall mean separation from service on the PGC Board as an Outside Director, at the earlier of age seventy (70) or ten (10) years of Benefit Service, as defined in the Company's Retirement Plan for Outside Directors.

III.

PARTICIPATION

1. Eligibility

Eligibility shall be limited to Outside Directors who served on the PGC Board on or before January 1, 1996.

2. Election to Participate

An Outside Director may elect to participate in the Plan by completing such documents as may be prescribed by the Administrative Committee. An election made to participate in the PGH Plan shall be treated as an election to participate in the Plan.

IV.

POLICY TITLE AND OWNERSHIP

1. Policy Title

The Participant, or his transferee, shall be the owner of the Policy and may exercise all ownership rights granted to the owner by the terms of the Policy, except as herein provided. These shall include, but are not limited to, the right to assign his interest in the Policy, the right to change the beneficiary of that portion of the proceeds to which he is entitled under ARTICLE VII, and the right to exercise settlement options.

2. Participating Company's Security Interest

The only rights in and to the Policy granted to a Participating Company shall be limited to its security interest in the cash value of the Policy, as defined in the collateral assignment attached as Exhibit A, and a portion of the death benefit, as hereinafter provided under ARTICLE VI.

V.

PREMIUM PAYMENT

1. Participating Company's Premium Payment

Each premium on the Policy shall be paid by the Participating Company as it becomes due.

2. Payment of the Participant's Share

At the time of each premium payment by the Participating Company, the Participant shall pay to the Participating Company an amount equal to the economic benefit of said Policy enjoyed by the Participant. The economic benefit shall be equal to the lesser of the Insurer's one-year term cost or the PS-58 rate.

VI.

PARTICIPATING COMPANY'S INTEREST IN THE POLICY

1. Collateral Assignment

Each Participant shall assign the Policy to the Participating Company as collateral, under the form of collateral assignment attached as Exhibit A or one substantially similar thereto. The assignment gives the Participating Company the limited power to enforce its right to recover the Participating Company's Share of Premium on the Policy and on a portion of the death benefit thereof. Assignments of Policies made by participants under the PGH Plan shall continue in effect under this Plan.

2. Limitations

The interest of the Participating Company in and to the Policy shall be specifically limited to the following rights in and to the Cash Value and a portion of the death benefit:

1. the right to recover the Participating Company's Share of Premium, in the event the Policy is surrendered or canceled by the Participant, as provided in Section 7.1;

2. the right to recover, upon the death of the Participant, all of the Policy proceeds, in excess of that portion of the Policy proceeds payable to the Participant's beneficiary or beneficiaries as provided in Paragraph 7.2;

3. the right to recover the Participating Company's Share of Premium, or to receive ownership of the Policy, in the event of termination by the Participant in the Plan, or in the event of termination of service in the Board of a Participating Company as provided in Sections 8.1 and 8.2.

VII.

PARTICIPANT'S INTEREST IN THE POLICY

1. Upon Surrender or Cancellation

Upon surrender or cancellation of the Policy, the Participating Company shall be entitled to receive a portion of the cash surrender value equal to the Participating Company's Share of Premium. The balance of the cash surrender value, if any, shall belong to the Participant.

2. Upon Death

Upon the death of the Participant, the beneficiary or beneficiaries designated by the Participant shall be entitled to receive that portion of the Policy proceeds equal to the amount set forth in Schedule I of this Plan.

3. Ownership of Cash Surrender Value

Notwithstanding any other provision in the Plan to the contrary, the Participant shall at all times own a portion of the cash surrender value of the Policy equal to the Participant's Share to the extent said cash surrender value exceeds the Participating Company's Share of Premium.

7.4 Nonduplication of Benefits

The PGE Liabilities shall be payable under this Plan, but no benefits shall be earned under this Plan which duplicate benefits earned under the PGH Plan.

VIII.

PLAN BENEFITS

1. Upon Termination of Participation in the Plan

   In the event the Participant terminates participation in the Plan prior to leaving service on the PGC Board, the Participant shall execute any and all instruments that may be required to vest ownership of said Policy in the Participating Company. Participating Employer shall purchase from the Participant the Participant's interest in the cash surrender value set forth in Section 7.3 above for an amount equal to the Participant's Share. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

2. Upon Termination of Service

   1. In the event of termination of service on the PGC Board for Cause (as determined by the Compensation Committee) before Retirement, the Participant shall execute any and all instruments that may be required to vest ownership of said Policy in the Participating Company. Participating Employer shall purchase from the Participant the participant's interest in the cash surrender value set forth in Section 7.3 above for an amount equal to the Participant's Share. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

   2. In the event of termination of service on the PGC Board of any Participating Company because of accepting a position of public service, or other reason not considered for Cause before Retirement, the Participant may elect either to:

      a. reimburse the Participating Company an amount equal to the Participating Company's Share of Premium, whereupon receipt of payment from the Participant, the Company shall release the collateral assignment and thereafter shall have no further interest in the Policy, or

      b. execute any and all instruments that may be required to vest ownership of said Policy in the Participating Company. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

   3. In the event of termination of service on the PGC Board, occurring at least one (1) year from the Effective Time, as defined in the Merger Agreement, the Participant shall be deemed to have retired for purposes of this Plan and shall be eligible to make the election specified in Section 8.4.

   4. In the event of involuntary termination of service on the PGC Board, without Cause, occurring during the one (1) year period beginning with the date the stockholders of PGC approve the Merger Agreement, the Participant shall be entitled to the Change in Control benefit specified in Section 8.3.

3. Upon Change in Control

   In the event of a Change in Control, within sixty (60) days of such Change in Control, the Participating Company shall:

   1. determine to what extent the cash value exceeds the Net Single Premium and recover the excess, if any; and

   2. upon recovery of the excess, release the collateral assignment and thereafter have no further interest in the Policy; and

   3. pay to each Participant an amount equal to the excess, if any, of the Net Single Premium over the cash value released to the participant in 8.3-2 above.

4. Upon Retirement

In the event of termination from service on the PGC Board at or after Retirement, the Participant may elect either to:

1. reimburse the Participating Company an amount equal to the Participating Company's Share of Premium, whereupon receipt of payment from the Participant, the Company shall release the collateral assignment and thereafter shall have no further interest in the Policy, or

2. continue participation in the Plan with the Company continuing to pay premiums pursuant to ARTICLE V.

IX.

DURATION OF THE PLAN

1. Plan Continuation

Subject to the provisions of Article 8, this Plan shall continue with respect to each Participant until such time as the Cash Value of the Policy on a Participant is sufficient to permit:

1. the Participating Company to recover the Participating Company's Share of Premium; and

2. the Participant to recover an amount equal to the federal and state income tax he will incur as a result of termination of the split dollar arrangement; and

3. the death benefit to continue to the Participant's age ninety-five (95) with no further premium outlay based upon then current interest assumptions.

2. Termination of Arrangement

When the standard required by ARTICLE VI is achieved and upon the Participating Company's receiving the Participating Company's Share of Premium, the split dollar arrangement with that Participant shall terminate. The Participating Company shall release the collateral assignment and thereafter, shall have no further interest in the Policy.

X.

AMENDMENT AND TERMINATION OF PLAN

1. Amendment

The Administrative Committee may amend the Plan from time to time as may be necessary for administrative purposes and legal compliance, provided, however, that no such amendment shall affect the benefit rights of Participants or Beneficiaries in the Plan. Prior to achieving the standard required by Section 9.1, the Compensation Committee may not amend, modify or revoke this Plan in a manner that reduces the rights of the Participant under this Plan.

2. Termination

The Board of each Participating Company may at any time, in its sole discretion, terminate the Plan in whole or in part for that Participating Company, such that no future Participants will be allowed into the Plan. However, no such termination shall adversely affect the benefits of Participants which have accrued prior to such action, the benefits of any Participant who has previously retired, the benefits of any beneficiary of a Participant who has previously died, or already accrued Plan liabilities between Participating Companies.

XI.

INSURER NOT A PARTY TO PLAN

An Insurer shall be bound only by the provisions of and endorsements on the Policy, and any payments made or action taken by an Insurer in accordance therewith shall fully discharge it from all claims, suits and demands of all persons whatsoever. Except as specifically provided by endorsement on the Policy, it shall in no way be bound by the provisions of this Plan.

XII.

NAMED FIDUCIARY

1. Administrative Committee; Compensation Committee

The Administrative Committee is hereby designated the "Named Fiduciary" until removal by the Board. As Named Fiduciary, the Administrative Committee shall be responsible for the management, control and administration of the Plan established herein. The Administrative Committee may allocate to others certain aspects of the management and

operation responsibilities of the Plan, including the employment of advisors and the delegation of any ministerial duties to qualified individuals.

2. Indemnity of Administrative Committee; Compensation Committee

   Each participating Company shall indemnify and hold harmless the Administrative Committee and the Compensation Committee and their individual members against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

3. Availability of Plan Documents

   Each Participant shall receive a copy of this Plan, and the Administrative Committee shall make available for inspection by an Participant a copy of the rules and regulations used in administering the Plan.

4. Cost of Plan Administration

The Company shall bear all expenses of administration. However, a ratable portion of the expense shall be charged back to each Participating Company.

XIII.

CLAIMS PROCEDURE

1. Claim

   Claims for any benefits due under the Plan or upon surrender of the Policy shall be made in writing by the Participating Company, and the Participant or his designated beneficiary or beneficiaries, as the case may be, to the Named Fiduciary or his delegatee who shall respond in writing as soon as practicable.

2. Denial of Claim

   In the event a claim is denied or disputed, the Named Fiduciary shall, within a reasonable period of time after receipt of the claim, notify the Participating Company, and the Participant or his designated beneficiary or beneficiaries, as the case may be, of such denial or dispute listing:

   1. The reasons for the denial or dispute; with specific reference to the Plan provisions upon which the denial or dispute is based;

   2. A description of any additional material or information necessary and an explanation of why it is necessary; and

   3. An explanation of the Plan's claim review procedure.

3. Review of Claim

   Within sixty (60) days of denial or notice of claim under the Plan, a claimant may request that the claim be reviewed by the Named Fiduciary. The claim or request shall be reviewed by the Named Fiduciary, who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

4. Final Decision

The decision of the Administrative Committee on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

XIV.

MISCELLANEOUS

1. Liabilities for Benefits

Except as otherwise provided in this Section, liability for the payment of a Participant's benefit pursuant to this Plan shall be borne solely by the Participating Company for which the Participant serves during the accrual or increase of the Plan benefit, and no liability for the payment of any Plan benefit shall be incurred by reason of Plan sponsorship or participation except for the Plan benefits of a Participating Company's own advisors or Board members. Provided, however, that each Participating Company, by accepting the Board's designation as a Participating Company under the Plan and formally adopting the Plan, agrees to assume secondary liability for the payment of any benefit accrued or increased while a Participant serves on the board of directors of a Participating Company that is a Direct Subsidiary or Indirect Subsidiary of the Participating Company at the time such benefit is accrued or increased. Such liability shall survive any revocation of designation as a Participat ing Employer with respect to any liabilities accrued at the time of such revocation. Nothing in this paragraph shall be interpreted as prohibiting any Participating Company or any other person from expressly agreeing to assumption of liability for a Plan Participant's payment of any benefits under the Plan.

2. Allocation of Asset

The interests of each Participating Company in and to the Policy as described in Section 6.2 shall be allocated, if applicable, pro rata among those Participating Companies who employed the Participant and reported the Participant as being on their payroll during the accrual or increase of the Plan benefit. Such allocation of asset shall survive any revocation of designation as a Participating Company or termination of the Plan with respect to any asset accrued at the time of such revocation or termination.

3. Protective Provisions

A Participant will cooperate with the Participating Company by furnishing any and all information requested by the Participating Company, in order to facilitate the payment of benefits hereunder, and by taking such physical examination as the Participating Company may deem necessary and taking such other action as may be requested by the Participating Company.

4. Transfer of Participant's Interest in the Policy

In the event a Participant shall transfer all of his interest in the Policy, then all of a Participant's interest in the Policy shall be vested in his transferee, who shall be substituted as a party hereunder, and a Participant shall have no further interest in the Policy.

5. Terms

In this Plan document, unless the context clearly indicates the contrary, the masculine gender will be deemed to include the feminine gender, and the singular shall include the plural.

6. Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

7. Validity

In case any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provisions had never been inserted herein.

8. Notice

Any notice or filing required or permitted to be given to the Administrative Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Administrative Committee or to the Secretary of Company. Notice to the Administrative Committee, if mailed, shall be addressed to the principal executive offices of the Participating Company. Notice mailed to the Participant shall be at such address as is given in

the records of the Participating Company. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

9. Successors

The provisions of this Plan shall bind and inure to the benefit of each Participating Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Participating Company, and successors of any such corporation or other business entity.

10. Not a Contract of Service

The terms and conditions of this Plan shall not be deemed to constitute a contract of service between a Participating Company and a Participant, and neither a Participant nor a Participant's Spouse or Dependent shall have any rights against a Participating Company except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained on the Board of a Participating Company nor shall it interfere with the Participant's right to terminate his directorship at any time.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its officers thereunto duly authorized this 19 day of March , 2003.

PORTLAND GENERAL ELECTRIC COMPANY

By: /s/Arleen N. Barnett

Its: Vice President

SCHEDULE I

DEATH BENEFITS PAYABLE UNDER

PORTLAND GENERAL ELECTRIC COMPANY

OUTSIDE DIRECTORS' LIFE INSURANCE BENEFIT PLAN

Outside Directors $200,000

COLLATERAL ASSIGNMENT

THIS ASSIGNMENT, made and entered into and effective this day of , 19_, by the undersigned as owner (the Owner) of that certain Life Insurance Policy No. issued by (Insurer) and any supplementary contracts issued in connection therewith (said policy and contracts being herein called the Policy), upon the life of (Insured), to Portland General _____, an Oregon corporation (the Assignee).

WITNESSETH:

WHEREAS, the Insured is a Director of the Assignee; and

WHEREAS, said Assignee desires to provide the Insured with supplemental life insurance protection by contributing a portion of the annual premium due on the Policy, as more specifically provided for in the split dollar arrangement set forth in the Outside Directors' Life Insurance Benefit Plan (the Plan), a copy of which is attached hereto, incorporated by reference and made a part hereof; and

WHEREAS, in consideration of the Assignee agreeing to pay a portion of the premium, the Owner agrees to grant the Assignee an interest in the policy as security for the recovery of the Assignee's premium outlay.

NOW THEREFORE, for value received, the undersigned hereby assigns, transfers and sets over to the Assignee, its successors and assigns, the following specific rights in the Policy, subject to the following terms and conditions:

1. This Assignment is made, and the Policy is to be held, as collateral security for the premium payments made by Assignee, pursuant to the terms of the Plan.

2. The Assignee's interest in the Policy shall further be limited to:

a. the right to recover the aggregate amount of insurance premium paid by the Assignee less the aggregate portion contributed by the Participant (the Assignee's Share of Premium) in the event the Policy is surrendered or canceled by the Owner as provided in Section 7.1 of the Plan,

b. the right to recover, upon the death of the Participant, all proceeds in excess of the death benefit promised in Schedule I of the Outside Directors' Life Insurance Benefit Plan,

c. the right to recover the Assignee's Share of Premium, the right to recover the excess of cash value over the Net Single Premium, or the right to receive ownership of the Policy in the event of termination of the split dollar arrangement as provided in Article 8 of the Plan.

3. Except as specifically herein granted to the Assignee, the Owner shall retain all incidents of ownership in the Policy including, but not limited to, the right to assign his interest in the Policy, the right to change the beneficiary of that portion of the proceeds to which he is entitled under Article 6 of the Plan, and the right to exercise all settlement options permitted by the terms of the Policy. Provided, however, that all rights retained by the Owner shall be subject to the terms and conditions of the Plan.

4. The Assignee shall, upon request, forward the Policy to the Insurer, without unreasonable delay, for endorsement of any designation of change of beneficiary, any election of optional mode of settlement, or the exercise of any other right reserved by the Owner hereunder.

5. The Insurer is hereby authorized to recognize the Assignee's claims to rights hereunder without investigating the reason for any action taken by the Assignee, the amount of its Share of Premium, the existence of any default therein, the giving of any notice required herein, or the application to be made by the Assignee of any amounts to be paid to the Assignee.

The signature of the Assignee shall be sufficient for the exercise of any rights under the Policy assigned hereby to the Assignee, and the receipt of the Assignee for any sums received by it shall be a full discharge and release therefore to the Insurer.

6. The insurer shall be fully protected in recognizing the requests made by the Owner for surrender of the Policy with or without the consent of the Assignee, and, upon such surrender, the Policy shall be terminated and shall be of no further force or effect.

7. Upon the full payment to the Assignee of its Share of Premium, or in the event of a Change in Control upon recovery of the excess of cash value over the Net Single Premium the Assignee shall release the Collateral Assignment and reassign to the Owner all specific rights included in this Collateral Assignment.

IN WITNESS WHEREOF, the undersigned Owner has executed this Assignment the date and year first above written.

Witness Owner

PORTLAND GENERAL ELECTRIC COMPANY

UMBRELLA TRUST™ FOR OUTSIDE DIRECTORS

Effective as of March 12, 2003

TABLE OF CONTENTS

EXHIBIT A Assumptions and Methodology for Calculation

Required Under 2.2-2 and 2.3

INDEX OF TERMS

INDEX OF TERMS (cont'd.)

PORTLAND GENERAL ELECTRIC COMPANY

UMBRELLA TRUST

FOR OUTSIDE DIRECTORS

Portland General Electric Company

121 S.W. Salmon Street

Portland, Oregon 97204 "Company"

Wachovia Bank, N.A.

301 North Main Street

Winston-Salem, NC 27150 "Trustee"

Portland General Electric Company (the "Company") and the Participating Companies as hereinafter defined have adopted the following plans (the "Plans") for the benefit of eligible Outside Directors of the Company and Participating Companies:

Portland General Electric Company Outside Directors' Deferred Compensation Plan

Portland General Electric Company Retirement Plan for Outside Directors

Portland General Electric Company Outside Directors' Life Insurance Benefit Plan

Portland General Electric Company assumes no liability for the payment of any Plan benefit owed by any other Participating Employer, as defined herein, by reason of accepting Plan sponsorship. The Plans shall be administered by an "Administrative Committee" appointed by the Board of Directors of the Company (the "Board") pursuant to the terms of these Plans.

The Purpose of the Portland General Electric Company Umbrella Trust for Outside Directors (the "Trust") is to give Plan participants greater security by placing assets in trust for use only to pay benefits, fees and expenses of the Trustee, or, if the Company or the Participating Companies become Insolvent, to pay creditors.

A "Participating Company" or "Participating Companies" shall mean the Company or any affiliated or subsidiary company designated by the Board as a Participating Company under the Plans, as long as such designation has become effective and continues to be in effect. The designation as a Participating Company shall become effective only upon the acceptance of such designation. A Participating Company may revoke its acceptance of designation as a Participating Company at any time, but until it

makes such revocation, all of the provisions of this Trust and any amendments thereto shall apply to the participant (and his beneficiaries) of the Participating Company.

The Trust is intended to be a grantor trust, a portion of the income of which is taxable to each Participating Company. Trust assets are subject to the claims of the general creditors of the Participating Companies during insolvency. The Participating Companies shall be treated as the owner of a portion of the Trust for federal income tax purposes in accordance with the provisions of Sections 671 through 679 of the Internal Revenue Code of 1986 as amended. No contribution to or income of the Trust is to be taxable to Plan participants until benefits are distributed to them.

The parties therefore establish this Trust on the following terms:

I.

EFFECTIVE DATE; DURATION

1. Effective Date

Prior to March 12, 2003, the Portland General Electric Company (the "Company") was a participating employer in the Portland General Holdings, Inc. Umbrella Trust for Outside Directors ("PGH Trust"). PGE's assets under the PGH Trust were held in the PGE subtrusts under the PGH Trust ("PGE Subtrusts"). This Trust is hereby established by the Company effective March 12, 2003, as a successor trust with respect to all of the PGE Subtrusts; on March 12, 2003, all of the PGE Subtrusts were transferred to this Trust.

The assets transferred from each PGE Subtrust in the PGH Trust to this Trust shall be held in the Plan Subtrust in this Trust indicated below:

PGE Subtrust Under PGH Trust	**Plan Subtrust in this Trust**
Portland General Holdings, Inc. Outside Directors' Deferred Compensation Plan	Portland General Electric Company Outside Directors' Deferred Compensation Plan
Portland General Holdings, Inc. Retirement Plan for Outside Directors	Portland General Electric Company Retirement Plan for Outside Directors
Portland General Holdings, Inc. Outside Directors' Life Insurance Benefit Plan	Portland General Electric Company Outside Directors' Life Insurance Benefit Plan

The Trust year shall coincide with the Company's fiscal year, which is the calendar year.

2. Duration

1. This Trust shall continue in effect until all the assets of the Trust fund are exhausted through distribution of benefits to participants, payment to general creditors in the event of insolvency, payment of fees and expenses of the Trustee, and return of remaining funding of all Subtrusts pursuant to 1.2-2.

2. Except as provided in 2.3, the Trust shall be irrevocable with respect to amounts contributed to it for a Plan. The Trustee shall return to the Participating Companies any assets remaining in the separate and distinct subtrusts ("Subtrust") established for each Plan for each Participating Company after all benefits are satisfied pursuant to Section 2.4.

3. If the existence of this Trust is held to be ERISA Funded or Tax Funded by a federal court and appeals from that holding are no longer timely or have been exhausted, this Trust shall terminate.

    a. This Trust is "ERISA Funded" if it prevents any of the Plans from meeting the "unfunded" criterion of the exceptions to various requirements of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") for plans that are unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

b. This Trust is "Tax Funded" if it causes the interest of a participant in this Trust to be includible for federal income tax purposes in the gross income of the participant prior to actual receipt of Plan benefits by the participant.

4. Prior to a Change in Control, the Board may also terminate this Trust if it determines that:

a. Judicial authority or the opinion of the U.S. Department of Labor, Treasury Department or Internal Revenue Service (as expressed in proposed or final regulations, advisory opinions or rulings, or similar administrative announcements) creates a significant risk that the Trust will be held to be ERISA Funded or Tax Funded, or

b. ERISA or the Internal Revenue Code (the "Code") requires the Trust to be amended in a way that creates a significant risk that the Trust will be held to be ERISA Funded or tax Funded, and failure to so amend the Trust could subject the Company to material penalties.

5. Upon such a termination as described in 1.2-3 and 1.2-4, the assets of each Subtrust remaining after payment of the Trustee's fees and expenses shall be distributed as follows:

a. If a Potential Change in Control as defined in 2.2-3 has not occurred, such assets shall be returned to the Participating Companies. The Participating Companies shall then either (i) transfer such assets to a new trust which is not deemed to be ERISA Funded, but which is similar in all other respects to this Trust; or (ii) if it is not possible to establish the trust in (i) above, retain the assets returned to the Participating Companies.

b. If a Potential Change in Control as defined in 2.2-3 has occurred, and more than six (6) months has elapsed from the date of the Potential Change in Control without a Change in Control, as defined in 1.4-2, occurring, then (a) above shall apply.

c. If a Potential Change in Control as defined in 2.2-3 has occurred and either six (6) months or less has elapsed from the date of the Potential Change in Control or there has been a Change in Control, as defined in 1.4-2, then such assets shall be allocated in proportion to the accrued benefit rights of the participants and distributed to them in lump sums. Any assets remaining shall be returned to the Participating Companies.

6. Except as otherwise provided herein, in the event of any final determination by the Internal Revenue Service or a court of competent jurisdiction, which determination is not appealable or the time for appeal or protest of which has expired, which determination determines that the participants or any particular participant is subject to federal income taxation on amounts held in Trust hereunder prior to the distribution to the participant or participants of such amounts, the Trustee shall, on receipt by the Trustee of notice of such determination, pay to each participant the portion of the trust corpus includible in such participant's federal gross income. This provision shall also apply to any beneficiary of a participant.

3. Irrevocability

1. This Trust shall be irrevocable.

4. Change in Control

1. On a Change in Control described in 1.4-2, the assets held in the existing Subtrusts for participants who had benefit rights under the Plans before the Change in Control occurred shall cover only the benefits provided by the Plans for participants covered by the Plans at the time of the Change in Control, including benefits accrued after the Change in Control. If any Participating Company makes contributions for benefits owed to new participants under a Plan after a Change in Control such contributions and any insurance contracts or other assets purchased with them shall be held in a new Subtrust separate from the existing Subtrust for previous participants.

2. A "Change in Control" shall occur if:

a. Any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Act")) becomes the "beneficial owner" (as defined in Rule 13-d under the Act) of more than thirty percent (30%) of the then outstanding voting stock of Portland General Electric Company, otherwise than through a transaction arranged by, or consummated with the prior approval of the Board of Directors of Portland General Electric Company ("PGE Board"); or

b. The PGE Board adopts a resolution to the effect that for purposes of this Trust a Change in Control has occurred.

II.

TRUST FUND

1. Investments

    1. The Trust fund may include investments in insurance policies ("Policies"). Such Policies may be purchased by the Company or other Participating Employers and transferred to the Trustee as in-kind contributions or may be purchased by the Trustee with the proceeds of cash contributions. The Trust shall be the owner and beneficiary of such Policies. The purchase and holding of such Policies shall be an investment directed by the Participating Employer, pursuant to 2.1-2. The Participating Employer's contributions to the Trust may include sufficient cash to make projected premium payments on such Policies and payments of any interest due on loans secured by the cash value of such Policies.

    2. Prior to a Potential Change in Control, the Trustee shall invest the Trust fund, in accordance with written directions from the committee responsible, from time to time, for directing the investment of the Portland General Electric Company Pension Plan, or any successor thereto (the "Pension Committee"). The Trustee shall act only as an administrative agent in carrying out the directed investment transactions and shall not be responsible for the investment decision.

        2.1-3 In the event that the Trustee does not receive instructions from the Pension Committee for the investment of part or all of the Trust fund, and in all events following a Potential Change in Control, the Trustee shall invest the Trust fund in property in accordance with applicable law. Permissible investments shall include but not be limited to the following:

        a. Policies.

        b. Investments in direct obligations of the United States of America or agencies of the United States of America or obligations unconditionally and fully guaranteed as to principal and interest by the united States of America, in each case maturing within one (1) year or less from the date of acquisition.

        c. Investments in negotiable certificates of deposit (in each case maturing within one (1) year or less from the date of acquisition) issued by a commercial bank organized and existing under the laws of the United States of America or any state thereof having a combined capital and surplus of at least one billion dollars (1,000,000,000).

    3. If the Trustee is directed to invest in Policies (pursuant to 2.1-1) or if the Trustee elects to purchase Policies (pursuant to 2.1-3), the Trustee shall have the power to exercise all rights, privileges, options and elections granted by or permitted under any Policy or under the rules of the issuing insurance company ("Insurer"). Prior to a Potential Change in Control and subsequent to the passing of six (6) months following a Potential Change in Control in which a Change in Control does not occur, the exercise by the Trustee of any incidents of ownership under any Policy shall be subject to the direction of the Chief Financial Officer of the Company.

    Notwithstanding anything contained herein to the contrary, neither the Participating Company nor the Trustee shall be liable for the refusal of any Insurer to issue or change any Policy or Policies or to take any other action requested by the Trustee; nor for the form, genuineness, validity, sufficiency or effect of any Policy or Policies held in the Trust; nor for the act of any person or persons that may render any such Policy or Policies null and void; nor for failure of any Insurer to pay the proceeds of any such Policy or Policies as and when the same shall become due and payable; nor for any delay in payment resulting from any provision contained in any such Policy or Policies; nor for the fact that for any reason whatsoever (other than its own negligence or willful misconduct) any Policy or Policies shall lapse or otherwise become uncollectible.

2. Contributions

    1. The Participating Company may, in its sole discretion and at any time, contribute to the Trust such amounts as are reasonably necessary to provide for all benefits payable under the Plans, including amounts to purchase the Policies and to pay premiums and loan interest payments, all as described in 2.1-1. Contributions shall be decided by the Board, except as provided in 2.2-2.

    2. Upon a Potential Change in Control as defined in 2.2-3, each Participating Company may, in its sole discretion, identify and contribute to its Subtrusts the sum of the following (collectively, the "Full Funding Amount"):

        a. With respect to the Retirement Plan for Outside Directors and the Outside Directors' Deferred Compensation Plan, the amount by which the present value of all benefits payable under the Plans exceeds the value of the applicable Subtrust assets. Each participant's benefits for purposes of calculating present value shall be the highest benefit the participant would have under the Plans within the six (6) months following a Potential Change in Control, assuming that no changes are made in the participant's level of fee deferral, that service on the Board continues for six (6) months at the same rate of compensation, and

that the participant receives any benefit enhancement provided by the Plans upon a Change in Control. The Policies shall be valued at net cash surrender value, (net of loans).

b. With respect to the Retirement Plan for Outside Directors and the Outside Directors' Deferred Compensation Plan, the amount of the premiums, and the interest on any policy loans, on Policies held in the Trust due as of the next anniversary date of such Policies.

c. With respect to the Outside Directors' Life Insurance Benefit Plan, the difference between the net cash surrender value (net of loans) of the Policies and the net single premium required for the promised death benefit.

d. A reasonable estimate, including without limitation any amounts contemplated by 3.3-4, provided by the Trustee of its fees due over the remaining duration of the Trust.

3. A "Potential Change in Control" shall occur if the Board adopts a resolution to the effect that for purposes of this Trust a Potential Change in Control has occurred.

4. The calculations required under 2.2-2shall be based on the terms of the Plans and the actuarial assumptions set forth in the attached Exhibit A, which, prior to a Change in Control, may be revised by the Board from time to time.

5. The Trustee shall accept the contributions made by the Participating Companies and shall hold them as a Trust fund for the payment of benefits under the Plans. Any contribution of the Full Funding Amount to the Trust under 2.2-2 upon a Potential Change in Control shall be returned to the Participating Companies six (6) months after delivery of such contribution to the Trustee at the request of the Chief Financial Officer of the Company, unless a Change in Control shall have occurred during such six (6) month period. Such six (6) month period shall be renewed in the event of and upon the date of any subsequent Potential Change in Control occurring.

6. The Chief Financial Officer of the Company shall notify the Trustee of the occurrence of a Change in Control or Potential Change in Control and the Trustee may rely on such notice or on any other actual notice satisfactory to the trustee, of such a Change in Control or Potential Change in Control which the Trustee may receive.

3. Recapture of Excess Assets

1. Prior to a Change in Control, in the event any Subtrust (other than the Subtrust for the Outside Directors' Life Insurance Benefit Plan) shall hold Excess Assets, the Board, at its option, may direct the Trustee to return part or all of such Excess Assets to the Participating Company. Following a Change in Control any Excess Assets will be held by the Trustee in each separate Subtrust until all benefits due from each Participating Company are paid pursuant to 2.4-3.

2. "Excess Assets" are assets of any Subtrust exceeding one hundred twenty-five percent (125%) of the present value of all the benefits due participants of a Participating Company in such Subtrust.

3. The calculation required by 2.3-2 shall be based on the terms of the Plans and the actuarial assumptions set forth in Exhibit A.

4. Subtrusts

1. The Trustee shall establish separate Subtrusts for each Participating Companies' contribution to each Plan subject to the Trust. The account for each Subtrust shall reflect an undivided interest in assets of the Trust fund and shall not require any segregation of particular assets, except that a Policy covering benefits of a particular Plan shall be held in the Subtrust for that Plan. Any contribution received by the Trustee which is not earmarked for a particular Plan shall be allocated among all Subtrusts as established for that Participating Company in proportion to their balances.

2. The Trustee shall allocate investment earnings and losses of the Trust fund among the Subtrusts in proportion to their balances, except that changes in the value of a Policy shall be allocated to a Subtrust for which it is held. Payments to general creditors during insolvency administration under 5.2 shall be charged against the Subtrusts in proportion to their balances, except the payment of benefits to a Plan participant as a general creditor shall be charged against the Subtrust for that Plan.

3. Prior to a Change in Control, benefit payments from a Subtrust shall be made in full until the assets of the Subtrust are exhausted or the Participating Company's Plan liabilities have been satisfied. Assets held in the Participating Company's other Subtrusts shall not be available to satisfy other Plan liabilities. In the event any Subtrust established for the Participating Company has assets remaining after paying out all benefits, those remaining assets shall be returned to that Participating Company pursuant to 1.2-4.

4. Following a Change in Control, in the event any Subtrust established for the Participating Company has assets remaining after paying out all benefits, those remaining assets shall be poured over into any other Subtrust of the

Participating Company for any Plan still having participants whose benefits have not been fully paid. All pour-overs to a Subtrust from other Subtrusts of the Participating Company shall be made in proportion to their unfunded Plan liabilities. After the satisfaction of all liabilities of the Participating Company, the remaining balances in the Subtrusts will be returned to that Participating Company pursuant to 1.2-4.

5. Administrative Powers of Trustee

    1. Subject in all respects to applicable provisions of this Trust and the Plans, the Trustee shall have the rights, powers and privileges of an absolute owner when dealing with property of the Trust, including (without limiting the generality of the foregoing) the powers listed below:

        a. To sell, convey, transfer, exchange, partition, lease, and otherwise dispose of any of the assets of the Trust at any time held by the Trustee under this Trust agreement;

        b. To commence or defend lawsuits or legal or administrative proceedings; to compromise, arbitrate or settle claims, debts or damages in favor of or against the Trust; to deliver or accept, in either total of partial satisfaction of any indebtedness or other obligation, any property; to continue to hold for such period of time as the Trustee may deem appropriate any property so received; and to pay all costs and reasonable attorneys' fees in connection therewith out of the assets of the Trust;

        c. To renew or extend the time of payment of any obligation due or to become due;

        d. To foreclose any obligation by judicial proceeding or otherwise;

        e. To borrow money from any person in such amounts, upon such terms and for such purposes as the Trustee, in its discretion, may deem appropriate; and in connection therewith, to execute promissory notes, mortgages or other obligations and to pledge or mortgage any Trust assets as security; and to lend money on a secured or unsecured basis to any person other than a party of interest;

        f. To appoint one or more persons or entities as ancillary trustee or subtrustee provided that any such ancillary trustee or subtrustee shall act with such power, authority, discretion, duties, and functions of the Trustee as shall be specified in the instrument establishing such ancillary or subtrust, and the Trustee may pay the reasonable expenses and compensation of such ancillary trustees or subtrustees out of the Trust;

        g. To hold such part of the assets of the Trust uninvested for such limited periods of time as may be necessary for purposes of orderly account administration or pending required directions, without liability for payment of interest;

        h. To determine how all receipts and disbursements shall be credited, charged or apportioned as between income and principal, and the decision of the Trustee shall be final and not subject to question by any participant or beneficiary of the Trust; and

        i. Generally to do all acts, whether or not expressly authorized, which the Trustee may deem necessary or desirable for the orderly administration or protection of the Trust fund.

    2. The Trustee may engage one or more independent attorneys, accountants, actuaries, appraisers or other experts (the "Experts") for any purpose, including the determination of Excess Assets. The determination of the Experts shall be final and binding on the Company, each Participating Company, the Trustee, and all of the participants unless within thirty (30) days after receiving a determination deemed by any participant to be adverse, any participant initiates suit in a court of competent jurisdiction seeking appropriate relief. The Trustee shall have no duty to oversee or independently evaluate the determination of the Experts. The Trustee shall be authorized to pay the fees and expenses of any Experts out of the assets of the Trust fund.

    3. The Participating Companies shall from time to time pay taxes (references in this Trust agreement to the payment of taxes shall include interest and applicable penalties) of any and all kinds whatsoever which at any time are lawfully levied or assessed upon or become payable in respect of the Trust fund, the income or any property forming a part thereof, or any security transaction pertaining thereto. To the extent that any taxes levied or assessed upon the Trust fund are not paid by the Participating Companies or contested by the Participating Companies pursuant to the last sentence of this paragraph, the Trustee shall pay such taxes out of the Trust fund, and the Participating Companies shall upon demand by the Trustee deposit into the Trust fund an amount equal to the amount paid from the Trust fund to satisfy such tax liability. If requested by the Participating Companies, the Trustee shall, at the Participating Companies' expense, contest the validity of such taxes in any manner d eemed appropriate by the Participating Companies or its counsel, but only if it has received an indemnity bond or other security satisfactory to it to pay any expenses of such contest. Alternatively, the Participating Companies may itself contest the validity of any such taxes, but any such contest shall not affect the Participating Companies' obligation to reimburse the Trust fund for taxes paid from the Trust fund.

    4. In the event a Plan participant's beneficiary designation pursuant to the Plan results in a participant or the participant's spouse being deemed to have made a "generation-skipping transfer" as defined in Section 2611 of

the Code, then to the extent that the participant or participant's "executor," as said term is defined in the Code (or the spouse of the participant or said spouse's statutory executor in the case of a generation-skipping transfer deemed to have been made by a participant's spouse), have not previously used the total generation-skipping transfer exemption that is available under Section 2631 of the code to such transferor, the Participating Company or the Trustee may consider such unused exemption to be allocated in the manner prescribed by Section 2632 of the Code except that (i) any generation-skipping transfer resulting from said beneficiary designation shall be excluded from the allocation; and (ii) the method of allocation under Section 2632 shall be reversed so t hat such unused portion of said transferor's exemption shall be applied first to trusts or trust equivalents of which said transferor is the deemed transferor and from which taxable distributions occur at said transferor's death and, second, to direct skips occurring at said transferor's death (other than any direct skip resulting from such beneficiary designation). The Participating Company or Trustee may also consider any portion of said transferor's total generation-skipping transfer exemption not used pursuant to the provisions of the previous sentence to be allocated to the transfer resulting from the beneficiary designation that gives rise to the generation-skipping transfer hereunder.

Notwithstanding any provisions in the Plans or this Trust agreement to the contrary, the Participating Companies or the Trustee may withhold any benefits payable to a beneficiary as a result of the death of the participant or any other beneficiary until such time as (i) the Participating Companies or Trustee is able to determine whether a generation-skipping transfer tax, as defined in Chapter 13 of the Code, or any substitute provision therefor, is payable by the Participating Companies or Trustee; and (ii) the Participating Companies or Trustee has determined the amount of generation-skipping transfer tax that is due, including interest thereon. If any such tax is payable, the Participating Companies or Trustee shall reduce the benefits otherwise payable hereunder to such beneficiary by the amount necessary to provide said beneficiary with a benefit equal to the amounts that would have been payable if the original benefits had been calculated on the basis of a present value at the time o f the generation-skipping transfer equal to the then present value of the originally contemplated benefit less an amount equal to the generation-skipping transfer tax and any interest thereon that is payable as a result of the death in question. The Participating Companies or Trustee may also withhold from distribution by further reduction of the then net present value of benefits calculated in accordance with the terms of the previous sentence such amounts as the Participating Companies or Trustee deems are reasonable necessary to pay additional generation-skipping transfer tax and interest thereon. Any amounts so withheld shall be payable as soon as there is a final determination of the applicable generation-skipping tax and interest thereon. No interest shall be payable by the Participating Companies or Trustee to any beneficiary for the period of time that is required from the date of death to the time when the aforementioned generation-skipping transfer tax determinations are made and the amount of bene fits payable to a beneficiary can be fully determined.

III.

ADMINISTRATION

1. Administrative Committee

    1. An Administrative Committee as appointed by the Board is the Plan administrator for each Plan and has general responsibility to interpret each Plan and determine the rights of participants and beneficiaries pursuant to the terms of such Plan.

    2. The Trustee shall be given the names and specimen signatures of the members of the Administrative Committee and the Pension Committee. The Trustee shall accept and rely upon the names and signatures until notified of change. Instructions to the Trustee shall be signed for the Board by the Chairman or such other person as the Board may designate.

2. Payment of Benefits

    1. The Trustee shall pay benefits to participants and beneficiaries on behalf of each Participating Company in satisfaction of its obligation under the Plans. A participant's entitlement to benefits under the Plans shall be determined by the Administrative Committee. Prior to and following a Potential Change in Control, any claim for such benefits shall be considered and reviewed under the claims procedures set out in the Plans. The Participating Company's obligation shall not be limited to the Trust fund and a participant shall have a claim against the Participating Company for any payment not made by the Trustee including payments not made by reason of insufficient Trust funds.

    2. Prior to a change in Control or a Potential Change in Control, the Trustee shall make payments in accordance with written direction from the Administrative Committee, except as provided in 3.3.

    3. Following a Potential Change in Control or a Change in Control, the Administrative Committee shall deliver to the Trustee, contemporaneously with the delivery, if any, of the Full Funding Amount to the Trustee pursuant to Section 2.1-2, a schedule (the "Payment Schedule") indicating the amounts payable in respect of each participant, or providing a formula or instructions acceptable to the Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plans) and the time of commencement for payment of such amounts. The Payment Schedule shall include instructions as to the amount of any interest or other income accruing under the Plans, and such instructions shall be revised from time to time to the extent necessary to accurately pay participants their benefits due under the Plans. A modified

Payment Schedule shall be delivered by the Administrative Committee to the Trustee upon the occurrence of any event, such as early retirement of a participant, requiring a modification of the Payment Schedule. Whenever the Administrative Committee is required to deliver to the Trustee a Payment Schedule or a modified Payment Schedule, the Administrative Committee shall also deliver at the same time to each participant the respective portion of the Payment Schedule or modified Payment Schedule that sets forth the amount payable to that participating. Except as otherwise provided herein, following a Change in Control, the Trustee shall make payments to the participants in accordance with such Payment Schedule. Where a Change in Control does not occur within six (6) months of a Potential Change in Control, the Trustee shall make payments pursuant to the Administrative Committee's direction as provided in 3.2-2.

4. Following a Change in Control, the Trustee shall make payments to the participants in accordance with the last Payment Schedule delivered to the Trustee prior to the Change in Control adjusted pursuant to the therein provided formula or instructions.

5. The Trustee shall be permitted to withhold from any payment due to a participant the amount required by law to be withheld under federal, state and local wage withholding requirements of otherwise, and shall pay over to the appropriate government authority the amounts withheld or determine that such amounts have been paid by the Participating Employer. The Trustee may rely on instructions from the Participating Employer as to any required withholding and shall be fully protected under Section 4.1 hereof in relying upon such instructions.

6. The Trustee shall use the assets of the trust or any Subtrust to make benefit payments or other payments in the following order:

    a. All assets of the Trust or Subtrust other than Policies;

    b. Cash contributions from the Participating Companies; and the Participating Companies may make cash contributions to the Trust to enable the trustee to make all benefit payments and other payments when due, unless the Participating Companies make such payments directly, whenever the Trustee advises the Participating Companies that the assets of the trust or Subtrust, other than Policies, are insufficient to make such payments; and

    c. Policies with Insurers held in the Trust or Subtrust; and in using any such Policies, the Trustee shall first borrow the cash surrender value of each such Policy, proceeding in order of Policies from the Policies which have been in force for the longest times (and in alphabetical order based on the last name of the insured for Policies placed in force on the same date) to the Policies which have most recently been placed in force; and thereafter the Trustee shall surrender Policies in the same order of priority as set forth above.

Notwithstanding the foregoing, prior to a Change in Control, the Trustee may use the assets of the trust or any Subtrust in any other order of priority directed by the Board.

3. Disputed Claims

1. Prior to a Change in Control all disputed claims will be handled pursuant to the claims provision of the Plan under which the participant is claiming a benefit.

2. Following the occurrence of a Potential Change in Control, if a participant reasonably believes that the Payment Schedule does not properly reflect the amount payable to such participant or the time or form of payment from the Trust in respect of the Plans, such participant shall be entitled to deliver to the Trustee written notice (the "Participant's Notice") setting forth payment instructions for the amount the participant believes is due under the relevant terms of the Plans. The participant shall also deliver a copy of the Participant's Notice to the Administrative Committee within ten (10) business days of the delivery to the Trustee. Unless the trustee receives written objection, including a statement of the particular grounds for such objection, from the Participating Company within twenty (20) business days after receipt by the Trustee of such notice, the Trustee shall make the payment in accordance with the payment instru ctions set forth in the Participant's Notice. If the Trustee receives written objection from the Participating Company, the Trustee may independently determine the merits of the claim. If the merits of the claim depend on compensation, service or other data in the possession of the Administrative Committee and it is not provided, the Trustee may rely upon information provided by the participant.

3. The Trustee shall give notice to the participant and the Administrative Committee of its decision on the claim made pursuant to 3.3-2. Either the participant or the Administrative Committee may challenge the Trustee's decision by filing suit in a court of competent jurisdiction. If no such suit is filed within thirty (30) days after notice of the Trustee's decision, the decision shall become final and binding on all parties. If the decision is to grant the claim, then, following the expiration of the appropriate waiting period and appeals period, the Trustee shall make payment to the participant.

4. The Trustee may decline to decide a claim and may file suit to have the matter resolved by a court of competent jurisdiction. All of the Trustee's expenses in the court proceeding, including attorneys' fees, shall be allowed as administrative expenses of the Trust.

5. If the Administrative Committee opposes a claim presented under 3.3-2 and the Trustee or Participating Company ultimately is required or agrees to pay the claim, the Participating Company shall reimburse the participant's expenses in pursuing the claim, including attorneys' fees at the trial and appellate level.

4. Records

The Trustee shall keep complete records on the Trust fund open to inspection by the Participating Companies, the Board, the Pension Committee and the Administrative Committee at all reasonable times. In addition to accountings required below, the Trustee shall furnish to the Participating Companies, the Board, the Pension Committee and the Administrative Committee any information requested about the Trust fund.

5. Accountings

1. Prior to a Change in Control the Trustee shall furnish the Administrative Committee with a complete statement of account quarterly within sixty (60) days after the end of each quarter showing assets and liabilities and income and expense for the year of each Subtrust. The form and content of the account shall be sufficient for each Participating Company to include in computing its taxable income and credits the income, deductions and credits against tax that are attributable to the Trust fund. Subsequent to a Change in Control, the Trustee shall furnish the Participating Companies with a final accounting only.

2. The Administrative Committee may object to an accounting within sixty (60) days after it is furnished and require that it be settled by audit by a qualified, independent certified public accountant. The auditor shall be chosen by the trustee from a list of at least five (5) such accountants furnished by the Administrative Committee at the time the audit is requested. Either the Administrative Committee or the Trustee may require that the account be settled by a court of competent jurisdiction, in lieu of or in conjunction with the audit. All expenses of any audit or court proceedings, including reasonable attorneys' fees, shall be allowed as administrative expenses of the Trust.

3. If the Administrative Committee does not object to an accounting within the time provided, the account shall be settled for the period covered by the accounting.

4. When an account is settled, it shall be final and binding on all parties, including all participants and persons claiming through them, absent a showing of fraud, willful misconduct or bad faith.

6. Expenses and Fees

1. The Trustee shall be reimbursed for all expenses and shall be paid a reasonable fee fixed by it from time to time. No increase in the fee shall be effective before ninety (90) days after the Trustee gives notice to the Administrative Committee of the increase. The Trustee shall notify the Administrative Committee periodically of expenses and fees.

2. Each Participating Company shall pay its portion of administrative fees or expenses. If not so paid, the fees and expenses shall be paid from the Trust fund. Each Participating Company shall reimburse the Trust fund for its portion of any fees and expenses paid out of it.

IV.

LIABILITY

1. Indemnity

The Company shall indemnify and defend the Trustee from any claim, loss, liability or expense arising from any action or inaction in administration of this Trust based on direction or information from the Chief Financial Officer, the Pension Committee, the Administrative Committee or the Board, absent the Trustee's willful misconduct or bad faith.

2. Bonding

The Trustee need not give any bond or other security for performance of its duties under this Trust.

V.

INSOLVENCY

1. Determination of Insolvency

1. A Participating Company is "Insolvent" for purposes of this Trust if:

    a. A Participating Company is unable to pay its debts as they come due; or

    b. A Participating Company is the subject of a pending proceeding as a debtor under the Bankruptcy Code.

2. The Chief Executive Officer (or, if none, President) and the Board of Directors of any Participating Company shall promptly give written notice to the Trustee upon that Participating Company becoming Insolvent. In addition, if the Trustee receives actual knowledge other than by receipt of such a notice, that a Participating Company is Insolvent, the Trustee shall independently determine whether such insolvency exists. The reasonable expenses of such determination shall be allowed as administrative expenses of the Trust.

3. Upon receipt of the notice from either the Chief Executive Officer (or, if none, President) or the Board of Directors of any Participating Company or the actual knowledge described in 5.1-2 the Trustee shall discontinue making payments from the Trust fund to the Participating Company's participants under the Plans and shall commence insolvency administration under 5.2.

4. The Trustee shall have no obligation to investigate the financial condition of the Participating Company prior to receiving a notice or actual knowledge of insolvency under 5.1-2.

2. Insolvency Administration

1. During insolvency administration the Trustee shall hold each Insolvent Participating Company's Subtrust for the benefit of the general creditors of that Participating Company, and shall make payments only in accordance with 5.2-2. The Trustee shall continue the investment of the Trust fund in accordance with 2.1.

2. The Trustee shall make payments out of the Trust fund in one or more of the following ways:

    a. To general creditors of the Insolvent Participating Company in accordance with instructions from a court, or a person appointed by a court, having jurisdiction over the Participating Company's condition of insolvency;

    b. To plan participants and beneficiaries in accordance with such instructions; or

    c. In payment of its own fees or expenses.

3. The Trustee shall be a secured creditor with a priority claim to the Trust fund with respect to its own fees and expenses.

3. Termination of Insolvency Administration

1. Insolvency administration shall terminate at such time as:

    a. the Trustee has received written notice from the Chief Executive Officer (or, if none, President) and the Board of Directors of the Participating Company that the Participating Company has ceased to be Insolvent; or

    b. if the Trustee has received actual knowledge pursuant to 5.1-2 that the Participating Company is Insolvent, the Trustee determines, after reasonable investigations that the Participating Company is not or has ceased to be Insolvent.

    Insolvency administration shall also terminate if and when the Trustee is ordered by a court of competent jurisdiction to resume payments to beneficiaries.

2. Upon termination of insolvency administration for the Participating Company under 5.3-1, each Subtrust shall continue to be held for the benefit of the participants in the Plans. Benefit payments due during the period of insolvency administration shall be made as soon as practicable, together with interest from the due dates at the following rates:

(a) For the Outside Directors' Deferred Compensation Plan, the rate credited on the participant's account under the Plan.

(b) For the Retirement Plan for Outside Directors, a rate equal to the interest rate fixed by the Pension Benefit Guaranty Corporation for valuing immediate annuities in the month immediately preceding the determination that the Participating Company is not Insolvent or has ceased to be Insolvent.

4. Creditors' Claims During Solvency

1. During periods of Solvency, the Trustee shall hold the Trust fund exclusively to pay benefits and fees and expenses until all have been paid. Creditors of the Participating Companies shall not be paid during Solvency

from the Trust fund, which may not be seized by or subjected to the claims of such creditors in any way.

2. A period of "Solvency" is any period not covered by 5.2.

VI.

SUCCESSOR TRUSTEES

1. Resignation and Removal

    1. The Trustee may resign at any time by notice to the Board, or to the Board and the participants if a Change in Control has occurred. Such resignation shall be effective in sixty (60) days unless the Board and the Trustee agree otherwise. Prior to a Change in Control the Trustee may be removed by the Board on sixty (60) days notice or shorter notice accepted by the Trustee. When resignation or removal is effective, the Trustee shall begin transfer of assets to the successor Trustee immediately. The transfer shall be completed within sixty (60) days from such resignation or removal, unless the Board extends the time limit.

    2. If the Trustee resigns or is removed, the Board (or if a Change in Control has occurred, the Board with Written Consent of Participants) shall appoint a successor by the effective date of such resignation or removal. If no such appointment has been made or if the Board and such participants are unable to so agree upon a successor Trustee within sixty (60) days after such resignation or removal, the Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses including attorneys' fees of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

    3. "Written Consent of Participants" shall mean consent in writing by seventy five percent (75%) of all Plan participants who are receiving or are eligible for a benefit under one or more of the Plans on the date of a Change in Control. Each participant shall be counted only once in determining the percentage, regardless of the number of Plans in which the participant participates.

2. Appointment of Successor

    1. The Board (or if a Change in Control has occurred, the Board with Written Consent of Participants) may appoint any state or national bank that is unrelated to all Participating Companies as a successor to replace the Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonable requested by the Board or the successor Trustee to evidence the transfer.

    2. The successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to ARTICLE II. The successor Trustee shall not be responsible for and the Participating Company shall indemnify and defend the successor Trustee from any claim or liability because of any action or inaction of any prior Trustee or any other past event, any pre-existing condition or any pre-existing assets.

3. Accountings; Continuity

    1. A Trustee who resigns or is removed shall submit a final accounting to the Administrative Committee within sixty (60) days following notice of its resignation or removal. The accounting shall be received and settled as provided in 3.5 for regular accountings.

    2. No resignation or removal of the Trustee or change in identity of the Trustee for any reason shall cause a termination of the Plan or this Trust.

VII.

GENERAL PROVISIONS

1. Interests Not Assignable

    1. The interest of a participant in the Trust fund may not be assigned, seized by legal process, transferred or subjected to the claims of the participant's creditors in any way.

    2. No Participating Company may create a security interest in the Trust fund in favor of any of its creditors. The Trustee shall not make payments from the Trust fund of any amounts to creditors of the Participating Company who are not Plan participants, except as provided in 5.2.

    3. The participants shall have no interest in the assets of the Trust fund beyond the right to receive payment from such assets of Plan benefits, and reimbursement of expenses. During insolvency administration, the participants' rights to assets held in the applicable Subtrust shall not be superior to those of any other general creditor of the Participating Company.

4. Notwithstanding any other provision in this Trust, a participant is a general creditor of the Participating Company and has no greater rights against the Participating Company in insolvency than does a general creditor.

2. Amendment

1. The Company, by action of the Board and the Trustee, may amend this Trust at any time by a written instrument executed by both parties. Following a Change in Control, any amendment of this Trust must receive the Written Consent of Participants.

3. Applicable Law

This Trust shall be construed according to the laws of Oregon except as preempted by federal law.

4. Agreement Binding on All Parties

This agreement shall be binding upon the heirs, personal representatives, successors and assigns of any and all present and future parties.

5. Notices and Directions

Any notice or direction under this Trust may be oral, followed by a written communication, and shall be effective when actually received or, if mailed, when deposited postpaid as first-class mail. Mail to a party shall be directed to the address stated in this Trust or to such other address as either party may specify by notice to the other party. Notices to the Board shall be sent to the address of the Company. Notices to participants who have submitted claims under 3.2 shall be mailed to the address shown in the claim submission.

6. No Implied Duties

The duties of the Trustee shall be those stated in this Trust, and no other duties shall be implied.

Company: PORTLAND GENERAL ELECTRIC COMPANY

By: /s/Arleen N. Barnett

Arleen N. Barnett

Its: Vice President

Executed: March 19 , 2003

Trustee: WACHOVIA BANK, N.A.

By: /s/John N. Smith III

Its: Senior Vice President

Executed: March 17, , 2003

Exhibit A

Assumptions and Methodology for

Calculation Required Under 2.2-2 and 2.3

1. The liability will be calculated using two different assumptions as to when the employee receives a Change in Control benefit:

a) As of the date of a Potential Change in Control.

b) Six (6) months after the date of Potential Change in Control assuming future compensation continues at current levels.

The "Benefit Liability" will be the greater of the liabilities calculated in accordance with a) and b) above.

2. Calculations will be based upon the most valuable optional form of payment available to the participant.

3. The discount rate to be used to calculate all present values as of the date of a Potential Change in Control will be the then current Pension Benefit Guaranty Corporation immediate annuity rate for a non multi-employer plan.

4. No mortality is assumed prior to the commencement of benefits. Future mortality is assumed to occur in accordance with the 1983 Group Annuity Table Male rates after the commencement of benefits.

5. Where left undefined by 1. through 4. above, calculations will be performed in accordance with generally accepted actuarial principles.

6. For the purposes of projecting deferral account balances, Moody's bond rate is assumed to remain at the last published rate prior to the date of Potential Change in Control.