

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 JUNE 30, 1996

COMMISSION FILE NUMBER	Registrant; State of Incorporation; ADDRESS; AND TELEPHONE NUMBER	IRS Employer IDENTIFICATION NO.
1-5532	PORTLAND GENERAL CORPORATION (an Oregon Corporation) 121 SW Salmon Street Portland, Oregon 97204 (503) 464-8820	93-0909442
1-5532-99	PORTLAND GENERAL ELECTRIC COMPANY (an Oregon Corporation) 121 SW Salmon Street Portland, Oregon 97204 (503) 464-8000	93-0256820

Indicate by check mark whether the registrants (1) have 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 registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes X . No .

The number of shares outstanding of the registrants' common stocks as of July 31, 1996 are:

Portland General Corporation	51,167,274
Portland General Electric Company (owned by Portland General Corporation)	42,758,877

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DEFINITIONS

Bonneville Pacific .....	Bonneville Pacific Corporation
BPA .....	Bonneville Power Administration
Coyote Springs .....	Coyote Springs Generation Plant
Enron .....	Enron Corp.
FERC .....	Federal Energy Regulatory Commission
Holdings .....	Portland General Holdings, Inc.
kWh .....	Kilowatt-Hour
MWa .....	Average megawatts

Mwh .....Megawatt-hour  
NYMEX .....New York Mercantile Exchange  
OPUC or the Commission .....Oregon Public Utility Commission  
Portland General or PGC .....Portland General Corporation  
PGE or the Company .....Portland General Electric Company  
PUHCA .....Public Utility Holding Company Act of 1935  
Trojan .....Trojan Nuclear Plant  
USDOE .....United States Department of Energy

PORTLAND GENERAL CORPORATION AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

FINANCIAL AND OPERATING OUTLOOK

PORTLAND GENERAL CORPORATION - HOLDING COMPANY

Portland General Corporation (Portland General or PGC), an electric utility holding company, was organized in December 1985. Portland General Electric Company (PGE or the Company), an electric utility company and Portland General's principal operating subsidiary, accounts for substantially all of Portland General's assets, revenues and net income.

PROPOSED MERGER

On July 20, 1996, Portland General entered into an Agreement and Plan of Merger with Enron, a Delaware corporation, to merge in a tax-free, stock-for-stock transaction. The transaction which has been approved by both companies' boards of directors, will entitle Portland General shareholders to receive one share of Enron common stock for each share of Portland General common stock held by them.

Under the terms of merger agreement, Enron will reincorporate in Oregon to allow it to qualify as an intrastate holding company that is exempt from the registration requirements of PUHCA. In the event that PUHCA is amended or repealed in a manner that would make this reincorporation no longer necessary, PGC will merge directly into the present Enron, a Delaware corporation. PGE, Portland General's utility subsidiary, will retain its name and most of its functions, becoming the fifth business unit of Enron. It will join the existing four Enron business units: Enron Operations; Enron Development/Enron Global Power and Pipelines; Enron Capital and Trade Resources; and Enron Oil and Gas Company.

The merger is conditioned, among other things, upon the approvals of each company's shareholders at special meetings planned for the fall of 1996 and the completion of regulatory procedures including those at the OPUC and FERC. The companies are hopeful that the regulatory procedures can be completed in less than 12 months from the date of the agreement.

The merger agreement may be terminated by Enron if the average of the closing prices of Enron Common Stock during the 20 consecutive trading day period ending five trading days prior to the date of the special meeting of the shareholders of Portland General is more than \$47.25 per share, and may be terminated by PGC if the average of the closing prices of Enron Common Stock during such period is less than \$36.25 per share.

APPROVALS AND CONSENTS

OPUC - Upon completion of the PGC merger, Enron will be the owner of the common stock of PGE. PGE is subject to the jurisdiction of the OPUC with respect to its electric utility operations. Under Oregon statute, the OPUC must approve any transaction in which a person acquires the power to exercise any substantial influence over the policies and actions of a public utility subject to its jurisdiction. Enron and Portland General will file a joint application with the

Commission seeking approval of the merger. The OPUC will address whether the merger will serve the customers of PGE in the public interest. In making that finding the OPUC considers whether the change in ownership of the public utility will impair the ability of the utility to provide adequate service at just and reasonable rates. Concurrent with working with the Commission on the merger approval issues and process, PGE has presented a rate plan to the OPUC that proposes to reduce prices and provide new options and services for customers, as well as commits to no general price increase

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through December 31, 1998 (see discussion below).

FERC - The Federal Power Act provides that no public utility shall sell or otherwise dispose of its jurisdictional facilities or, directly or indirectly, merge or consolidate such facilities with those of any other person or acquire any security of any other public utility without first having obtained authorization from FERC. The Approval of FERC is required in order to consummate the Merger. Under the Federal Power Act, FERC will approve the merger if it finds such merger consistent with the public interest. In reviewing a merger, FERC generally evaluates: whether the merger will adversely affect competition; whether the merger will adversely affect operating costs and rates; whether the merger will impair the effectiveness of regulation; whether the purchase price is reasonable; whether the merger is the result of coercion; and whether the accounting treatment is reasonable.

OTHER - The merger will require the consent and approval of various other regulatory agencies. PGC and Enron will seek to obtain all necessary consents and approvals in order to consummate the merger. It is anticipated that these regulatory procedures can be completed in less than 12 months.

PORTLAND GENERAL ELECTRIC COMPANY - ELECTRIC UTILITY

REGULATORY MATTERS

RATE PROPOSAL - On August 6, 1996 PGE presented a plan to the OPUC to address issues related to lower than expected power and natural gas costs. The plan seeks Commission approval for change to certain PGE tariffs. Changes include expansion of PGE's market based retail rates, a 3.5 percent reduction in residential customer rates, development of tariffs for time of day and direct access experimental programs for residential and small commercial customers, a potential extension beyond its 1996 expiration of a rate mechanism to decouple short-term profits from retail kilowatt-hour sales and acceleration of the Trojan investment recovery.

PGE's current rates were established after a lengthy formal public process ending in March 1995. Since PGE's last general rate case the Company has benefited from significant savings as a result of falling natural gas and power purchase prices. In early 1996, PGE agreed to develop a plan for sharing some of these savings with customers beginning in 1997. If approved, the rate plan will provide approximately \$50 million in annual rate reductions, benefiting all customer classes, as well as accelerating PGE's recovery of its Trojan investment.

The proposal is based on forecasts that assume regulatory approval of the merger between Portland General and Enron. The Company has included in the plan a request to accelerate certain of the rate reductions upon the OPUC's approval of the merger application. PGE's goal is to obtain Commission approval for both the rate plan and the merger application this fall.

TROJAN INVESTMENT RECOVERY - In April 1996 a circuit court judge in Marion County, Oregon contradicted a November 1994 ruling from the same court, finding that the OPUC could not authorize PGE to collect a return on its undepreciated investment in Trojan currently in PGE's rate base. The ruling was the result of an appeal of PGE's 1995 general rate order which granted PGE recovery of, and a return on, 87 percent of its remaining investment in Trojan.

The November 1994 ruling, by a different judge of the same court, upheld the Commission's 1993

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Declaratory Ruling (DR-10). In DR-10 the OPUC ruled that PGE could recover and earn a return on its undepreciated Trojan investment, provided certain conditions were met. The Commission relied on a 1992 Oregon Department of Justice opinion issued by the Attorney General's office stating that the Commission had the authority to set prices including recovery of and on investment in plant that is no longer in service.

The 1994 ruling was appealed to the Oregon Court of Appeals and stayed pending the appeal of the Commission's March 1995 order. Both PGE and the OPUC have separately appealed the April 1996 ruling which was combined with the appeal of the November 1994 ruling at the Oregon Court of Appeals.

For further information regarding the legal challenges to the OPUC's authority to grant recovery of PGE's Trojan investment see Item 3, Legal proceedings, of Portland General's and PGE's Forms 10-K for the year ended December 31, 1995.

#### COMPETITION

The Energy Policy Act of 1992 (Energy Act) set the stage for change in federal and state regulations aimed at increasing both wholesale and retail competition in the electric industry. The Energy Act eased restrictions on independent power production and granted authority to FERC to mandate open access for the wholesale transmission of electricity.

FERC has taken steps to provide a framework for increased competition in the electric industry. In 1996 FERC issued Order 888 requiring non-discriminatory open access transmission by all public utilities that own interstate transmission. The final rule requires utilities to file tariffs that offer others the same transmission services they provide themselves under comparable terms and conditions. This rule also allows public utilities to recover stranded costs in accordance with the terms, conditions and procedures set forth in Order 888. The ruling requires reciprocity from municipals, cooperatives and federal power marketers receiving service under the tariff. The new rules became effective July 9, 1996 and are expected to result in increased competition, lower prices and more choices to wholesale energy customers.

The FERC action applies only to the wholesale transmission of electricity and does not proscribe terms and conditions of retail transmission service which is subject to individual state regulation. Since the passage of the Energy Act, various state utility commissions have addressed proposals which would gradually allow retail customers direct access to generation suppliers, marketers, brokers and other service providers in a competitive marketplace for energy services (retail wheeling). Although presently operating in a cost-based regulated environment, PGE expects increasing competition from other forms of energy and other suppliers of electricity. While the Company is unable to determine the future impact of increased competition, it believes that ultimately it will result in reduced retail as well as wholesale prices.

OREGON RESTRUCTURING WORKSHOP - In April 1996, FERC concluded that each state should decide, given its own unique circumstances and objectives, whether and how retail wheeling of electric power should occur. The OPUC began its investigation into restructuring the state's electric utility on June 19, 1996, meeting with state utility executives, customers, environmental advocates and other interested parties. The workshop included a discussion on how different electric industry structures would meet public policy objectives. The discussion centered on how competition in the generation of electric power could be introduced and when to allow customers access to competing power suppliers. The Commission's objective is to ensure that all electric utility customers are able to benefit from any savings resulting from a restructured electric industry.

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Four specific issues will be the focus of subsequent meetings: how an electricity distribution company would operate and be regulated; how energy efficiency and other public purpose programs will be offered and funded in a restructured environment; what treatment is appropriate for utility investment in a generating plant that is no longer economic; and whether vertical integration of electrical utilities should be discouraged or prohibited. The Commission intends to use future discussions to prepare itself to act on the competitive initiatives that can be implemented under its direct authority and to work with the legislature in assessing proposals for restructuring or allowing greater customer access to the electric generation market.

RETAIL CUSTOMER GROWTH AND ENERGY SALES

Weather adjusted retail energy sales were relatively flat for the three months ended June 30, 1996 compared to the same period last year. Residential and commercial sales increased 2.5 percent and 1.7 percent respectively with the addition of 3,740 new customers during the quarter. High-tech and transportation industrial sales were strong as well; however, production cutbacks by paper and metal manufacturers caused total industrial sales to be off approximately 4.1 percent for the year. Energy sales have also been adversely affected by the lingering impact of the December 1995 wind storms and February 1996 flooding which interrupted services for extended periods. As a result the Company has revised its projected retail energy sales growth to be less than 1 percent for 1996.

WHOLESALE MARKETING

The surplus of electric generating capability in the Western U.S., the entrance of numerous wholesale marketers and brokers into the market, and open access transmission will contribute to increasing pressure on the price of power. In addition the development of financial markets and the NYMEX futures trading have led to increased information available to market participants, further adding to the competitive pressure on wholesale prices.

Company wholesale revenues continue to make a growing contribution providing nearly 14 percent of total operating revenues; this represents an 89 percent increase compared to the second quarter of 1995. The growth in wholesale sales is in part attributed to PGE's aggressive sales efforts as part of the Company's plan to expand its existing marketing capabilities and activities throughout the Western U.S.

INDEPENDENT TRANSMISSION GRID OPERATOR

PGE has signed a memorandum of understanding with six other Northwest utilities to create an independent transmission grid operator called "IndeGo". The plan between PGE, Idaho Power Company, Montana Power Company, PacifiCorp, Puget Sound Power & Light Company, Sierra Pacific Power Company and The Washington Water Power Company is scheduled to be filed with FERC by the end of the year, in anticipation of operations commencing mid-1997.

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IndeGo's purpose is to ensure non-discriminatory open access to electricity transmission facilities in compliance with FERC rules. FERC has required open transmission access in its recent Order 888, as part of deregulation of the electric utility industry. Under the agreement, IndeGo would assume responsibility for day to day operation of main transmission lines which are directly owned by the seven utilities. Each of the companies would maintain ownership of the lines, as well as responsibility for repair and upgrades.

RESULTS OF OPERATIONS

The following discussion focuses on utility operations, unless otherwise noted. Due to seasonal fluctuations in electricity sales, as well as the price of wholesale energy and fuel costs, quarterly operating earnings are not necessarily indicative of results to be expected for calendar year 1996.

1996 COMPARED TO 1995 FOR THE THREE MONTHS ENDED JUNE 30

Portland General earned \$34 million or \$0.66 per share for the second quarter of 1996 compared to earnings of \$32 million or \$0.64 per share in 1995. Improved 1996 operating earnings include continued strong growth in residential sales and wholesale sales, the benefits of an abundant, low cost supply of electricity resulting from very favorable water conditions and a competitive wholesale power market.

Operating revenues increased \$14 million or 6 percent over the same period last year primarily driven by an 89 percent jump in wholesale revenues. Power marketing efforts led to increased sales as PGE was able to purchase and remarket abundant northwest hydro-generated power. Wholesale sales were profitable despite a 57 percent decrease in the average sales price which remained well above the Company's average cost of power.

Retail revenues of \$199 million were comparable to 1995.

Residential sales remained strong, increasing 2.9 percent and providing \$6 million in additional revenue. Residential weather-adjusted sales were 2.5 percent above 1995. This increase was propelled by the addition of 3,664 residential customers for the quarter. The Company served an average of 14,300 more customers than in 1995. Commercial sales were in line with 1995 but an increase in average prices contributed nearly \$3 million to revenues. However, industrial sales are off last years pace despite robust demand from high-tech customers as paper and metals manufacturers experienced cutbacks due to weak paper markets and competitive pressures. The Company deferred \$6 million in revenues related to a one time Oregon state excise tax reduction for refund to customers which offset retail revenue increases.

Variable power costs of \$46 million approximated the level incurred in 1995 despite a 36 percent increase in total energy sales. An abundant supply of power available in the market, much of it hydro-generated, displaced more expensive thermal generation throughout the region. PGE took advantage of competitive market prices and purchased 87 percent of its power needs with an additional 10 percent generated by PGE hydro-electric plants.

Company generation, primarily hydro, provided 13 percent of PGE's power needs.

Hydro plant generation increased 7 percent from 1995, or 44,480 MWh, reflecting good water conditions on the Clackamas River system. PGE thermal generation accounted for only 3 percent of total Company energy requirements compared to 9 percent last year.

PORTLAND GENERAL CORPORATION AND SUBSIDIARIES

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RESOURCE MIX/VARIABLE POWER COSTS

	Resource Mix		Average Variable Power Cost (Mills/kwh)	
	1996	1995	1996	1995
	Generation	13%	22%	3.6
Firm Purchases	72	29	10.3	22.4
Spot Purchases	15	49	8.8	10.0
Total Resources	100%	100%	Average 10.4	13.7

PGE does not have a fuel adjustment clause as part of its retail rate structure; therefore, changes in fuel and purchased power expenses are reflected currently in earnings.

Energy purchases were up 48 percent due to higher loads and thermal displacement. A competitive market and abundant supplies of energy drove wholesale prices below 1995 levels saving PGE almost \$25 million. Firm purchases, primarily from mid-Columbia projects, averaged 10.3 mills compared to 22.4 mills while spot market purchases averaged 8.8 mills compared to an average 10.0 mills in 1995.

Operating expenses (excluding variable power, depreciation and income taxes) were \$5 million higher than last year. Operating costs associated with the new Coyote Springs facility, including higher firm natural gas transportation costs, and increased customer marketing and service costs contributed to this increase. Decreased operations and maintenance costs at Company generating plants helped partially offset the increases for the quarter. PGE effectively utilized personnel from its idle thermal plants to reduce expenditures for temporary, contract and overtime labor as well as assist in Trojan decommissioning activities.

Depreciation, Decommissioning and Amortization increased \$4 million due to depreciation taken on Coyote Springs as well as depreciation taken on other general plant investment completed since the second quarter of 1995.

Other income decreased nearly \$3 million due to discontinuation of carrying costs accruals on regulatory assets. Interest charges were 9 percent above 1995 due to higher levels of short-term debt, decreased AFDC accruals since the completion of Coyote Springs in November 1995 and the refinancing of \$80 million in preferred stock with Junior Subordinated Deferrable Interest Debentures. This refinancing of preferred stock has lowered the preferred dividend requirement by nearly \$2 million.

1996 COMPARED TO 1995 FOR THE SIX MONTHS ENDED JUNE 30

Portland General earned \$83 million or \$1.63 per share for the six months ended June 30, 1996 compared to \$30 million or \$0.60 per share in 1995. 1995 earnings include a one time \$37 million after tax charge to income relating to the regulatory disallowance of 13 percent of PGE's investment in Trojan. Excluding the Trojan charge, 1995 earnings would have been \$67 million. Improved earnings for the year reflect the benefits of record water conditions, cooler temperatures coupled with a growing residential customer base and the Company's aggressive wholesale marketing efforts.

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Retail Revenues exceeded 1995 by \$23 million or 5 percent largely due to April 1995 and November 1995 rate increases accompanied by a 2.2 percent growth in energy sales. Significantly colder mean temperatures in January and February, 2.6 and 4.5 degrees respectively, contributed to higher energy sales in both residential and commercial sectors. For the year the Company has seen a 13 percent increase in residential heating days. In addition, residential load growth has contributed significantly to increased revenues with PGE serving an average of over 16,000 more retail customers during the period. Although industrial loads have benefited from the anticipated growth in high-tech industries weak demand from paper and metals manufacturers has led to a 4 percent decline in industrial sales for the year.

Aggressive marketing and active trading enabled the Company to increase wholesale sales by 291 percent contributing \$32 million in additional revenues. A competitive marketplace led to a reduction in the average sales price by nearly 53 percent.

Variable power costs were \$6 million or 4 percent below 1995. Steep reductions in the cost of purchased power helped more than offset a 34 percent increase in energy needs. Optimal hydro conditions brought sharp declines in the cost of firm power purchased from the mid-Columbia projects as well as Company owned hydro projects on the Clackamas River system. Power purchases amounted to 85 percent of total PGE load at an average cost of 11.9 mills compared to 18.3 mills in 1995. PGE hydro projects generated 11 percent of the Company's energy needs with a 12 percent increase in production levels. PGE's thermal plants were largely displaced contributing to reduced fuel expenditures.

RESOURCE MIX/VARIABLE POWER COSTS

	Resource Mix		Average Variable Power Cost (Mills/Kwh)	
	1996	1995	1996	1995
Generation	15%	32%	4.1	6.9
Firm Purchases	70	37	12.5	24.8
Spot Purchases	15	31	9.1	10.5
Total Resources	100%	100%	Average 11.7	16.0

PGE does not have a fuel adjustment clause as part of its retail rate structure; therefore, changes in fuel and purchased power expenses are reflected currently in earnings.

Operating expenses (excluding variable power, depreciation and income taxes) were \$18 million higher than last year. The increase is primarily due to an additional \$7 million in fixed natural gas transportation costs, approximately \$7 million in increased costs for transmission and distribution most of which is related to storm related repair costs and maintenance deferred from December 1995, and an increase in planned customer marketing and support costs to meet 1996 marketing objectives and improve to PGE's Customer Information System.

Depreciation, Decommissioning and Amortization increased \$10 million, or 15 percent, due to depreciation taken on Coyote Springs, new depreciation rates effective April 1, 1995 and depreciation taken on other general plant investment completed since the second quarter of 1995.

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Excluding the Trojan write-down, other income declined \$6 million due to the discontinuance of accruals of carrying costs on regulatory assets in late 1995. Interest charges are \$4 million above 1995 due to the lack of AFDC accruals in 1996 as well as higher levels of short-term debt. PGE's preferred dividend requirement is down \$3 million due to the refinancing of nearly \$80 million in preferred stock in 1995.

CASH FLOW

PORTLAND GENERAL CORPORATION

Portland General requires cash to pay dividends to its common shareholders, to provide funds to its subsidiaries, to meet debt service obligations and for day to day operations. Sources of cash are dividends from PGE, leasing rentals, short- and intermediate-term borrowings and the sale of its common stock. During the second quarter of 1996 Portland General received \$15 million in dividends from PGE. The retirement of Portland General's \$30 million in medium term notes which mature in September 1996 is expected to be funded through a special cash dividend from PGE.

Portland General has agreed, as to itself, PGE and other subsidiaries, to certain limitations on its ability to declare or pay dividends on or repurchase or redeem its securities, issue securities, and incur indebtedness pending consummation of the merger agreement with Enron. This is not expected to interfere with the ability of Portland General or PGE to declare dividends, obtain financing or conduct its business operations in a manner consistent with past practice. For further details regarding these limitations please see Portland General's Form 8-K dated July 20, 1996.

PORTLAND GENERAL ELECTRIC COMPANY

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 which 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. Improved cash flow for the current year reflects a higher percentage of cash revenues combined with lower variable power costs.

INVESTING ACTIVITIES include improvements to generation, transmission and distribution facilities and continued investment in energy efficiency programs. Capital expenditures for 1996 of approximately \$170 million are expected to be fully funded by operating cash flows. Through June 30, 1996 nearly \$ 98 million has been expended for capital projects, including energy efficiency programs, primarily for improvements to the Company's distribution system to support the addition of new customers to PGE's service territory.

PGE funds an external trust for Trojan decommissioning costs through customer collections at a rate of \$14 million annually. The trust invests in investment-grade tax-exempt and U.S. Treasury bonds. The Company makes withdrawals from the trust, as necessary, for reimbursement of decommissioning expenditures.

FINANCING ACTIVITIES - On April 15, 1996 PGE redeemed the 200,000 outstanding shares of its 8.10 percent preferred stock, at par. The \$20 million redemption leaves outstanding only the Company's 7.75 percent preferred stock which has sinking fund requirements beginning in 2002.

The issuance of additional preferred stock and First Mortgage Bonds requires PGE to meet earnings coverage and security provisions set forth in the Articles of Incorporation and Indenture securing its First Mortgage Bonds. As of June 30, 1996, PGE has the capability to issue in excess of \$500 million each of preferred stock and additional First Mortgage Bonds under the earnings coverage test.

PORTLAND GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME FOR THE  
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1996 AND 1995  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	1996	1995	1996	1995
	(Thousands of Dollars)			
OPERATING REVENUES	\$ 233,425	\$ 219,892	\$ 534,006	\$ 479,069
OPERATING EXPENSES				
Purchased power and fuel	46,262	46,616	128,559	134,312
Production and distribution	20,018	16,288	41,970	31,441
Maintenance and repairs	11,845	11,384	25,094	21,317
Administrative and other	27,566	26,409	55,251	51,549
Depreciation and amortization	38,550	34,785	76,083	66,243
Taxes other than income taxes	12,766	13,026	27,659	26,783
	157,007	148,508	354,616	331,645
OPERATING INCOME BEFORE INCOME TAXES	76,418	71,384	179,390	147,424
INCOME TAXES	24,743	24,205	60,971	50,692
NET OPERATING INCOME	51,675	47,179	118,419	96,732
OTHER INCOME (DEDUCTIONS)				
Regulatory disallowance - net of income taxes of \$17,101	-	-	-	(36,708)
Interest expense	(19,835)	(20,134)	(39,603)	(39,329)
Allowance for funds used during construction	500	2,926	742	5,074
Preferred dividend requirement - PGE	(645)	(2,417)	(1,631)	(5,000)
Other - net of income taxes	1,984	4,849	5,114	9,680
NET INCOME	\$ 33,679	\$ 32,403	\$ 83,041	\$ 30,449
COMMON STOCK				
Average shares outstanding	51,109,790	50,697,040	51,086,325	50,644,415
Earnings per average share	\$0.66	\$0.64	\$1.63	\$0.60
Dividends declared per share	\$0.32	\$0.30	\$0.64	\$0.60

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS FOR THE  
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1996 AND 1995  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	1996	1995	1996	1995
	(Thousands of Dollars)			
BALANCE AT BEGINNING OF PERIOD	\$ 168,365	\$ 101,063	\$ 135,885	\$ 118,676
NET INCOME	33,679	32,403	83,041	30,449
ESOP TAX BENEFIT AND OTHER	(605)	(474)	(1,135)	(948)
	201,439	132,992	217,791	148,177
DIVIDENDS DECLARED ON COMMON STOCK	16,358	15,215	32,710	30,400
BALANCE AT END OF PERIOD	\$ 185,081	\$ 117,777	\$ 185,081	\$ 117,777

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

PORTLAND GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
AS OF JUNE 30, 1996 AND DECEMBER 31, 1995

	(Unaudited)	
	June 30 1996	December 31 1995
	(Thousands of Dollars)	
ASSETS		
ELECTRIC UTILITY PLANT - ORIGINAL COST		
Utility plant (includes Construction Work in Progress of \$49,011 and \$33,382)	\$ 2,828,860	\$ 2,754,280
Accumulated depreciation	(1,089,073)	(1,040,014)
Capital leases - less amortization of \$29,388 and \$27,966	1,739,787	1,714,266
	7,980	9,353
	1,747,767	1,723,619
OTHER PROPERTY AND INVESTMENTS		
Leveraged leases	151,911	152,666
Trojan decommissioning trust, at market value	75,170	68,774
Corporate owned life insurance, less loans of \$27,763 and \$26,432	78,481	74,574
Other investments	36,752	28,603
	342,314	324,617
CURRENT ASSETS		
Cash and cash equivalents	7,549	11,919
Accounts and notes receivable	101,115	104,815
Unbilled and accrued revenues	45,438	64,516
Inventories, at average cost	38,269	38,338
Prepayments and other	16,670	16,953
	209,041	236,541
DEFERRED CHARGES		
Unamortized regulatory assets		
Trojan investment	289,897	301,023
Trojan decommissioning	300,382	311,403
Income taxes recoverable	210,318	217,366
Debt reacquisition costs	29,306	29,576
Energy efficiency programs	82,092	77,945
Other	26,640	27,611
WNP-3 settlement exchange agreement	166,239	168,399
Miscellaneous	30,388	29,917
	1,135,262	1,163,240
	\$ 3,434,384	\$ 3,448,017
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common stock equity		
Common stock, \$3.75 par value per share, 100,000,000 shares authorized, 51,116,367 and 51,013,549 shares outstanding	\$ 191,686	\$ 191,301
Other paid-in capital - net	576,929	574,468
Unearned compensation	(6,208)	(8,506)
Retained earnings	185,081	135,885
	947,488	893,148
Cumulative preferred stock of subsidiary		
Subject to mandatory redemption	30,000	40,000
Long-term debt	865,067	890,556
	1,842,555	1,823,704
CURRENT LIABILITIES		
Long-term debt and preferred stock due within one year	66,542	105,114
Short-term borrowings	226,532	170,248
Accounts payable and other accruals	85,990	133,405
Accrued interest	16,754	16,247
Dividends payable	17,318	16,668
Accrued taxes	23,500	15,151
	436,636	456,833
OTHER		
Deferred income taxes	635,991	652,846
Deferred investment tax credits	48,944	51,211
Trojan decommissioning and transition obligation	372,933	379,179
Miscellaneous	97,325	84,244
	1,155,193	1,167,480
	\$ 3,434,384	\$ 3,448,017

The accompanying notes are an integral part of these consolidated balance sheets.

PORTLAND GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE  
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1996 AND 1995  
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	1996	June 30 1995	1996	June 30 1995
	(Thousands of Dollars)			
<b>CASH PROVIDED (USED) BY - OPERATIONS:</b>				
Net income	\$ 33,679	\$ 32,403	\$ 83,041	\$ 30,449
Adjustment to reconcile net income to net cash provided by operations:				
Depreciation and amortization	30,503	27,039	59,616	50,845
Amortization of WNP-3 exchange agreement	864	1,227	2,160	2,455
Amortization of Trojan investment	5,935	5,946	11,760	12,409
Amortization of Trojan decommissioning	3,511	3,510	7,021	6,315
Amortization of deferred charges - other	1,355	833	(118)	(178)
Deferred income taxes - net	(7,087)	(140)	(11,859)	(3,872)
Other noncash revenues	(416)	(1,405)	(799)	(1,687)
Regulatory disallowance	-	-	-	36,708
Changes in working capital:				
(Increase) Decrease in receivables	22,321	5,914	22,725	10,801
(Increase) Decrease in inventories	590	(946)	69	(7,591)
Increase (Decrease) in payables	(59,441)	(41,773)	(32,545)	(17,107)
Other working capital items - net	8,821	11,835	283	785
Nuclear decommissioning expenditures	(1,609)	(2,497)	(2,139)	(3,871)
Deferred items - other	13,709	(7,373)	11,626	(5,869)
Miscellaneous - net	(1,557)	2,351	3,147	5,043
	51,178	36,924	153,988	115,635
<b>INVESTING ACTIVITIES:</b>				
Utility construction - new resources	(4)	(13,452)	(15)	(29,411)
Utility construction - other	(56,922)	(36,729)	(90,196)	(65,163)
Energy efficiency programs	(4,694)	(5,050)	(7,405)	(8,952)
Rentals received from leveraged leases	10,516	7,262	16,092	11,685
Nuclear decommissioning trust deposits	(3,511)	(7,702)	(7,950)	(10,507)
Nuclear decommissioning trust withdrawals	91	1,670	1,447	6,608
Other	(3,594)	(2,969)	(10,602)	2,247
	(58,118)	(56,970)	(98,629)	(93,493)
<b>FINANCING ACTIVITIES:</b>				
Short-term borrowings - net	54,133	(24,898)	56,284	(48,525)
Borrowings from corporate owned life insurance	-	-	1,312	2,589
Long-term debt issued	-	75,000	35,000	75,000
Long-term debt retired	(5,066)	-	(87,661)	(3,045)
Repayment of nonrecourse borrowings for leveraged leases	(9,516)	(6,757)	(14,390)	(10,628)
Preferred stock retired	(20,000)	(10,000)	(20,000)	(10,000)
Common stock issued	353	2,148	1,786	4,562
Dividends paid	(16,757)	(15,406)	(32,060)	(30,539)
	3,147	20,087	(59,729)	(20,586)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,793)</b>	<b>41</b>	<b>(4,370)</b>	<b>1,556</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>11,342</b>	<b>19,057</b>	<b>11,919</b>	<b>17,542</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>\$ 7,549</b>	<b>\$ 19,098</b>	<b>\$ 7,549</b>	<b>\$ 19,098</b>
<b>Supplemental disclosures of cash flow information</b>				
<b>Cash paid during the period:</b>				
Interest, net of amounts capitalized	\$ 19,273	\$ 18,248	\$ 36,174	\$ 31,623
Income taxes	67,670	41,390	67,670	41,390

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

PORTLAND GENERAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

NOTE 1 - PRINCIPLES OF INTERIM STATEMENTS

The interim financial statements have been prepared by Portland General and, in the opinion of management, reflect all material adjustments which are necessary to a fair statement of results for the interim period presented. 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 based on the estimates of operating time expired, benefit received or activity associated with the interim period. Accordingly, such costs are subject to year-end adjustment. It is Portland General's opinion that, when the interim statements are read in conjunction with the 1995 Annual Report on Form 10-K, the disclosures are adequate to make the information presented not misleading.

RECLASSIFICATIONS - Certain amounts in prior years have been reclassified for comparative purposes.

NOTE 2 - LEGAL MATTERS

BONNEVILLE PACIFIC LAWSUIT - In April 1992 legal action was filed by Bonneville Pacific against Portland General, Holdings, and certain individuals affiliated with Portland General and Holdings alleging breach of fiduciary duty, tortious interference, breach of contract, and other actionable wrongs related to Holdings' investment in Bonneville Pacific. Following his appointment, the Bonneville Pacific bankruptcy trustee, on behalf of Bonneville Pacific, filed numerous amendments to the complaint. The complaint now includes allegations of civil conspiracy, negligent misrepresentation, breach of fiduciary duty, and breach of contract. The amount of damages sought is not specified in the complaint. The Court has rejected the Trustee's previously filed damage study which is expected to be revised and refiled.

OTHER LEGAL MATTERS - Portland General and certain of its subsidiaries are party to various other claims, legal actions and complaints arising in the ordinary course of business. These claims are not considered material.

SUMMARY - While the ultimate disposition of these matters

may have an impact on the results of operations for a future reporting period, management believes, based on discussion of the underlying facts and circumstances with legal counsel, that these matters will not have a material adverse effect on the financial condition of Portland General.

PORTLAND GENERAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

NOTE 3 - TROJAN NUCLEAR PLANT

INVESTMENT RECOVERY - On April 4, 1996 a circuit court judge in Marion County, Oregon contradicted a November 1994 ruling from the same court, finding that the OPUC could not authorize PGE to collect a return on its undepreciated investment in Trojan currently in PGE's rate base. The ruling was the result of an appeal of PGE's 1995 general rate order which granted PGE recovery of, and a return on, 87 percent of its remaining investment in Trojan.

The November 1994 ruling, by a different judge of the same court, upheld the Commission's 1993 Declaratory Ruling (DR-10). In DR-10 the OPUC ruled that PGE could recover and earn a return on its undepreciated Trojan investment, provided certain conditions were met. The Commission relied on a 1992 Oregon Department of Justice opinion issued by the Attorney General's office stating that the Commission had the authority to set prices including recovery of and on investment in plant that is no longer in service.

The 1994 ruling was appealed to the Oregon Court of Appeals and stayed pending the appeal of the Commission's March 1995 order. Both PGE and the OPUC have separately appealed the April 1996 ruling which was combined with the appeal of the November 1994 ruling at the Oregon Court of Appeals.

Management believes that the authorized recovery of the Trojan investment and decommissioning costs will be upheld and that these legal challenges will not have a material adverse impact on the results of operations or financial condition of the Company for any future reporting period.

NOTE 4 - SUBSEQUENT EVENT

PROPOSED MERGER - On July 20, 1996, Portland General entered into an Agreement and Plan of Merger with Enron Corp. (Enron), a Delaware corporation, to merge in a tax-free, stock-for-stock transaction. The transaction which has been approved by both companies' boards of directors, will entitle Portland General shareholders to receive one share of Enron common stock for each share of Portland General common stock held by them. The merger is conditioned, among other things, upon the approvals of

each company's shareholders at special meetings planned for the fall of 1996 and the completion of regulatory procedures including those at the OPUC and FERC. The companies are hopeful that the regulatory procedures can be completed in less than 12 months from the date of the agreement.

The merger agreement may be terminated by Enron if the average of the closing prices of Enron Common Stock during the 20 consecutive trading day period ending five trading days prior to the date of the meeting of the shareholders of the Company expected to be held this fall is more than \$47.25 per share, and may be terminated by the Company if the average of the closing prices of Enron Common Stock during such period is less than \$36.25 per share.

PORTLAND GENERAL ELECTRIC COMPANY SUBSIDIARIES  
FINANCIAL STATEMENTS AND RELATED INFORMATION

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\* The discussion is substantially the same as that disclosed by Portland General and, therefore, is incorporated by reference to the information on the page numbers listed above.

\*\* The notes are substantially the same as those disclosed by Portland General and are incorporated by reference to the information on the page numbers shown above, excluding the Bonneville Pacific litigation discussion contained in Note 2 which relates solely to Portland General.

Portland General Electric Company and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME FOR THE  
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1996 AND 1995  
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30 1996	June 30 1995	June 30 1996	June 30 1995
	(Thousands of Dollars)			
OPERATING REVENUES	\$ 232,921	\$ 218,476	\$ 533,116	\$ 477,367
OPERATING EXPENSES				
Purchased power and fuel	46,262	46,616	128,559	134,312
Production and distribution	20,018	16,288	41,970	31,441
Maintenance and repairs	11,845	11,384	25,094	21,317
Administrative and other	27,066	26,144	54,136	50,961
Depreciation and amortization	38,529	34,765	76,041	66,202
Taxes other than income taxes	12,746	13,014	27,593	26,735
Income taxes	24,605	23,766	61,057	50,512
	181,071	171,977	414,450	381,480
NET OPERATING INCOME	51,850	46,499	118,666	95,887
OTHER INCOME (DEDUCTIONS)				
Regulatory disallowance - net of income taxes of \$17,101	-	-	-	(36,708)
Allowance for equity funds used during construction	-	565	-	686
Other	1,643	4,814	3,391	9,504
Income taxes	105	84	428	(260)
	1,748	5,463	3,819	(26,778)
INTEREST CHARGES				
Interest on long-term debt and other	16,413	17,464	32,950	33,811
Interest on short-term borrowings	2,771	2,059	5,259	4,246
Allowance for borrowed funds used during construction	(500)	(2,361)	(742)	(4,388)
	18,684	17,162	37,467	33,669
NET INCOME	34,914	34,800	85,018	35,440
PREFERRED DIVIDEND REQUIREMENT	645	2,417	1,631	5,000
INCOME AVAILABLE FOR COMMON STOCK	\$ 34,269	\$ 32,383	\$ 83,387	\$ 30,440

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS FOR THE  
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1996 AND 1995  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30 1996	June 30 1995	June 30 1996	June 30 1995
	(Thousands of Dollars)			
BALANCE AT BEGINNING OF PERIOD	\$ 279,904	\$ 202,506	\$ 246,282	\$ 216,468
NET INCOME	34,914	34,800	85,018	35,440
ESOP TAX BENEFIT AND OTHER	(605)	(474)	(1,135)	(948)
	314,213	236,832	330,165	250,960
DIVIDENDS DECLARED				
Common stock	17,958	11,545	32,924	23,090
Preferred stock	645	2,417	1,631	5,000
	18,603	13,962	34,555	28,090
BALANCE AT END OF PERIOD	\$ 295,610	\$ 222,870	\$ 295,610	\$ 222,870

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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
AS OF JUNE 30, 1996 AND DECEMBER 31, 1995

	(Unaudited) June 30 1996	December 31 1995
	(Thousands of Dollars)	
ASSETS		
ELECTRIC UTILITY PLANT - ORIGINAL COST		
Utility plant (includes Construction Work in Progress of \$49,011 and \$33,382)	\$ 2,828,860	\$ 2,754,280
Accumulated depreciation	(1,089,073)	(1,040,014)
	1,739,787	1,714,266
Capital leases - less amortization of \$29,388 and \$27,966	7,980	9,353
	1,747,767	1,723,619
OTHER PROPERTY AND INVESTMENTS		
Trojan decommissioning trust, at market value	75,170	68,774
Corporate owned life insurance, less loans of \$27,763 and \$26,432	46,508	44,635
Other investments	32,461	24,943
	154,139	138,352
CURRENT ASSETS		
Cash and cash equivalents	6,533	2,241
Accounts and notes receivable	101,551	102,592
Unbilled and accrued revenues	45,438	64,516
Inventories, at average cost	38,269	38,338
Prepayments and other	15,733	15,619
	207,524	223,306
DEFERRED CHARGES		
Unamortized regulatory assets		
Trojan investment	289,897	301,023
Trojan decommissioning	300,382	311,403
Income taxes recoverable	210,318	217,366
Debt reacquisition costs	29,306	29,576
Energy efficiency programs	82,092	77,945
Other	26,640	27,611
WNP-3 settlement exchange agreement	166,239	168,399
Miscellaneous	28,518	26,997
	1,133,392	1,160,320
	\$ 3,242,822	\$ 3,245,597
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	\$ 160,346	160,346
Other paid-in capital - net	469,815	466,325
Retained earnings	295,610	246,282
Cumulative preferred stock		
Subject to mandatory redemption	30,000	40,000
Long-term debt	865,067	890,556
	1,820,838	1,803,509
CURRENT LIABILITIES		
Long-term debt and preferred stock due within one year	36,542	75,114
Short-term borrowings	224,332	170,248
Accounts payable and other accruals	86,056	132,064
Accrued interest	15,937	15,442
Dividends payable	18,827	14,956
Accrued taxes	26,981	12,870
	408,675	420,694
OTHER		
Deferred income taxes	513,527	525,391
Deferred investment tax credits	48,944	51,211
Trojan decommissioning and transition costs	372,933	379,179
Miscellaneous	77,905	65,613
	1,013,309	1,021,394
	\$ 3,242,822	\$ 3,245,597

The accompanying notes are an integral part of these consolidated balance sheets.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE  
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1996 AND 1995  
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	1996	1995	1996	1995
	(Thousands of Dollars)			
<b>CASH PROVIDED (USED IN)</b>				
<b>OPERATIONS:</b>				
Net Income	\$ 34,914	\$ 34,800	\$ 85,018	\$ 35,440
Non-cash items included in net income:				
Depreciation and amortization	30,485	27,019	59,577	50,804
Amortization of WNP-3 exchange agreement	864	1,227	2,160	2,455
Amortization of Trojan investment	5,935	5,946	11,760	12,409
Amortization of Trojan decommissioning	3,511	3,510	7,021	6,315
Amortization of deferred charges - other	1,355	833	(118)	(178)
Deferred income taxes - net	(4,120)	(662)	(6,720)	(690)
Regulatory disallowance	-	-	-	36,708
Changes in working capital:				
(Increase) Decrease in receivables	21,655	9,997	20,066	13,658
(Increase) Decrease in inventories	590	(946)	69	(7,591)
Increase (Decrease) in payables	(60,888)	(47,866)	(25,441)	(18,897)
Other working capital items - net	8,623	11,629	(114)	(210)
Nuclear decommissioning expenditures	(1,609)	(2,497)	(2,139)	(3,871)
Deferred items - other	13,709	(7,373)	11,626	(5,869)
Miscellaneous - net	(1,282)	2,242	2,765	4,292
	53,742	37,859	165,530	124,775
<b>INVESTING ACTIVITIES:</b>				
Utility construction - new resources	(4)	(13,452)	(15)	(29,411)
Utility construction - other	(56,922)	(36,729)	(90,196)	(65,163)
Energy efficiency programs	(4,694)	(5,050)	(7,405)	(8,952)
Nuclear decommissioning trust deposits	(3,511)	(7,702)	(7,950)	(10,507)
Nuclear decommissioning trust withdrawals	91	1,670	1,447	6,608
Other investments	(2,162)	(2,477)	(9,170)	(2,978)
	(67,202)	(63,740)	(113,289)	(110,403)
<b>FINANCING ACTIVITIES:</b>				
Short-term debt - net	51,933	(24,904)	54,084	(48,512)
Borrowings from corporate owned life insurance	-	-	1,312	2,589
Long-term debt issued	-	75,000	35,000	75,000
Long-term debt retired	(5,066)	-	(87,661)	(3,045)
Preferred stock retired	(20,000)	(10,000)	(20,000)	(10,000)
Dividends paid	(16,015)	(14,170)	(30,684)	(29,579)
	10,852	25,926	(47,949)	(13,547)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,608)	45	4,292	825
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	9,141	10,370	2,241	9,590
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	\$ 6,533	\$ 10,415	\$ 6,533	\$ 10,415
 <b>Supplemental disclosures of cash flow information</b>				
<b>Cash paid during the period:</b>				
Interest, net of amounts capitalized	\$ 19,454	\$ 18,243	\$ 34,884	\$ 30,393
Income taxes	64,072	45,818	56,635	45,121

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

PORTLAND GENERAL CORPORATION AND SUBSIDIARIES  
 PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For further information, see Portland General's and PGE's reports on Form 10-K for the year ended December 31, 1995.

NONUTILITY

ROGER G. SEGAL, AS THE CHAPTER 11 TRUSTEE FOR BONNEVILLE PACIFIC CORPORATION V. PORTLAND GENERAL CORPORATION, PORTLAND GENERAL HOLDINGS, INC. ET AL, U.S. DISTRICT COURT FOR THE DISTRICT OF UTAH

At pre-trial hearings held in early May and most recently on August 2, 1996 the court dismissed claims by the trustee regarding RICO violations and RICO conspriacy, collusive tort, common law fraud and liability as a partner for the debts of a partnership. The dismissal of these claims significantly reduces the amount of damages the defendants could be held liable for if the court were to rule in favor of the plaintiff on the remaining claims. See Note 2 - Legal Matters in the Notes to Consolidated Financial Statements for further discussion regarding this case.

ITEM 4. RESULTS OF VOTES OF SECURITY HOLDERS

At the Annual Meeting of Shareholders held on May 7, 1996 the matters voted upon and the results of voting were as follows:

	FOR	AGAINST	WITHHELD
Election of Class I Directors:			
Richard Geary	43,370,772	308,778	597,304
Jerry E. Hudson	43,321,567	391,809	563,478
Bruce G. Willison	43,324,390	373,420	579,044
	FOR	AGAINST	ABSTAIN
Ratification of the appointment of Arthur Andersen LLP as independent public accountants for the year 1996:	43,184,628	652,352	439,874
Shareholder proposal to require new public accountants every four years:	3,703,691	29,491,385	1,059,178
Shareholder proposal regarding confidential voting:	6,565,088	26,383,627	1,305,539

PORTLAND GENERAL CORPORATION AND SUBSIDIARIES  
 PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

PART II. OTHER INFORMATION

	FOR	AGAINST	ABSTAIN
Shareholder proposal regarding executive compensation upon change in control:	12,206,248	19,551,457	2,496,549

Names of other directors whose terms of office as director continued after the meeting are:

CLASS II	CLASS III
Carolyn S. Chamers	Gwyneth E. Gamble Booth
Ken L. Harrison	Peter J. Brix
Jerome J. Meyer	John W. Creighton
	Randolph L. Miller

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

NUMBER	EXHIBIT	PGC	PGE
10	Portland General Corporation Retirement Plan for Outside Directors, 1996 Restatement dated January 1, 1996, filed herewith	X	X
	Portland General Corporation Management Deferred Compensation Plan, 1996 Restatement dated January 1, 1996, filed herewith	X	X
	Portland General Corporation Supplemental Executive Retirement Plan, 1996 Restatement dated January 1, 1996, filed herewith	X	X
	Portland General Corporation Outside Directors' Life Insurance Benefit Plan, 1996 Restatement dated January 1, 1996, filed herewith	X	X
	Portland General Corporation Outside Directors' Deferred Compensation Plan, 1996 Restatement dated January 1, 1996, filed herewith	X	X





PORTLAND GENERAL CORPORATION  
MANAGEMENT DEFERRED COMPENSATION PLAN  
1996 RESTATEMENT

Effective January 1, 1996

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PORTLAND GENERAL CORPORATION  
MANAGEMENT DEFERRED COMPENSATION PLAN  
1996 RESTATEMENT

ARTICLE I - PURPOSE

1.1 Restatement

Portland General Corporation adopted a Management Deferred Compensation Plan effective January 1, 1987 to cover qualified management employees. Portland General Corporation also restated its Directors' and Senior Officers' Deferred Compensation Plan on January 1, 1987. Pursuant to Article 8.1 of the Management Deferred Compensation Plan and Article 9.1 of the Directors' and Senior Officers' Deferred Compensation Plan, 1987 Restatement, the Company is amending both plans in order to merge the plans for all employees of Participating Employers. The existing plans were merged, renamed and amended for all management employees of Participating Employers by the December 1, 1988 Restatement. The Plan was further amended by the 1990 and 1994 Restatements.

1.2 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.

1.3 Effective Date

This 1996 Restatement shall be effective as of January 1, 1996.

1.4 Plan Sponsor

The Plan is adopted for the benefit of selected employees of Portland General Corporation, an Oregon corporation, 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.

ARTICLE II - DEFINITIONS

2.1 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.

2.2 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.

### 2.3 Beneficiary

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

### 2.4 Board

"Board" means the Board of Directors of Portland General Corporation.

### 2.5 Bonuses

"Bonuses" means Our Teamworks 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 Senior Administrative Officer.

### 2.6 Change in Control

"Change in Control" means an occurrence in which:

(a) 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 Corporation ("PGC") or Portland General Electric ("PGE")), any trustee or other fiduciary holding securities under the employee benefit plan of PGC or PGE, or any Employer owned, directly or indirectly, by the stockholders of PGC or PGE in substantially the same proportions as their ownership of stock of PGC or 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 PGC's or PGE's then outstanding voting securities;

(b) 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 (other than a director designated by a person who has entered into an agreement with PGC to effect a transaction described in clause (a), (c) or (d) of this Paragraph) whose election by the Board or nomination for election by PGC'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;

(c) The stockholders of PGC or PGE approve a merger or consolidation of PGC or PGE with any other corporation, other than (a) a merger or consolidation which would result in the voting securities of PGC or PGE outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than eighty percent (80%) of the combined voting power of the voting securities of PGC or PGE or such surviving entity outstanding immediately after such merger or consolidation or (b) a merger or consolidation effected to implement a recapitalization of PGC or PGE (or similar transaction) in which no "person" (as hereinabove defined) acquires more than thirty percent (30%) of the combined voting power of PGC's or PGE's then outstanding securities; or

(d) The stockholders of PGC or PGE approve a plan of complete liquidation of PGC or PGE or an agreement for the sale or disposition by PGC or PGE of sixty percent (60%) or more of PGC's or PGE's assets (including stock of subsidiaries) to a person or entity that is not a subsidiary or parent corporation. For purposes of determining whether a sale or other disposition of sixty percent (60%) of PGE's assets has occurred, only long-term assets shall be considered. Assets shall not be considered long-term assets if they constitute "regulatory assets," "stranded investments" or abandoned or non-operational projects. Projects in economy shutdown shall be considered long-term assets.

#### 2.7 Committee

"Committee" means the Human Resources Committee of the Board.

#### 2.8 Company

"Company" means Portland General Corporation, an Oregon Corporation.

#### 2.9 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:

(a) Base Salary;

(b) Bonuses;

(c) 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 Senior Administrative Officer. Compensation for purposes of this Plan, does not include expense reimbursements, imputed income, or any form of noncash compensation or benefits.

#### 2.10 Deferral Election

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

#### 2.11 Determination Date

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

## 2.12 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.

## 2.13 Eligible Employee

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

(a) Is exempt;

(b) Is not covered by a collective bargaining agreement; and

(c) 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 2.13(e) below, or

(d) 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 2.13(e) below. Notwithstanding the above, eligibility is at the discretion of the Senior Administrative Officer.

(e) The threshold amount in calendar year 1996 and any subsequent year shall be eighty-five thousand dollars (\$85,000). Such amount may be adjusted by the Senior Administrative Office 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.

## 2.14 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.

## 2.15 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.

## 2.16 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.

## 2.17 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.

## 2.18 Paid Time Off

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

## 2.19 Paid Time Off Cancellation

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

## 2.20 Participant

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

## 2.21 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.

## 2.22 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.

## 2.23 Plan

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

## 2.24 Policies

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

## 2.25 Senior Administrative Officer

"Senior Administrative Officer" means the employee in the management position designated by the Committee to administer the Plan.

### ARTICLE III - ELIGIBILITY AND DEFERRALS

#### 3.1 Eligibility

(a) 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 Senior Administrative Officer 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 Senior Administrative Officer.

(b) CESSATION OF ELIGIBILITY. An Eligible Employee who ceases to satisfy condition 2.13(a) or 2.13(b) of the definition of Eligible Employee shall cease participating as to new deferrals immediately. An Eligible Employee who ceases to satisfy condition 2.13(c) of the definition of Eligible Employee may continue to participate in the Plan if such individual has a current election to defer under the Plan at the time the Employee ceases to satisfy condition 2.13(c).

#### 3.2 Deferral Elections

(a) 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 Senior Administrative Officer. The Deferral Election must be filed with the Senior Administrative Officer no later than December 15, or such shorter period as is designated in the Deferral Election form.

(b) 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 Senior Administrative Officer. Such Deferral Election shall be effective only with regard to Compensation and/or Paid Time Off Cancellation earned after it is filed with the Senior Administrative Officer.

(c) 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(a) and a Deferral Election for the current calendar year shall become irrevocable upon filing with the Senior Administrative Officer under Paragraph 3.2(b).

(d) 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.

### 3.3 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. 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.

### 3.4 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 six percent (6%) 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.

### 3.5 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.

## ARTICLE IV - DEFERRED COMPENSATION ACCOUNT

### 4.1 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.

### 4.2 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.

### 4.3 Vesting of Accounts

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

#### 4.4 Statement of Accounts

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

### ARTICLE V - PLAN BENEFITS

#### 5.1 Benefits

(a) ENTITLEMENT TO BENEFITS AT TERMINATION. Benefits under this Plan shall be payable to a Participant on termination of employment with the Participating Employer, Portland General Corporation, and any and all Direct or Indirect Subsidiaries of Portland General Corporation. 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.

(b) 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.

#### 5.2 Withdrawals for Financial Emergency

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

(a) DETERMINATION. The existence of a Financial Emergency and the amount to be withdrawn shall be determined by the Senior Administrative Officer.

(b) 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.

#### 5.3 Form of Benefit Payment

(a) 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:

(i) A lump-sum payment;

(ii) 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

(iii) 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.

(b) 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 Senior Administrative Officer. 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 Senior Administrative Officer may, in his sole discretion, direct that plan benefits be paid pursuant to the change of payment designation, notwithstanding the twelve (12) month requirement.

#### 5.4 Accelerated Distribution

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

(a) PENALTY.

(i) 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.

(ii) 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.

(b) 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 Senior Administrative Officer 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 Senior Administrative Officer.

#### 5.5 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.

## 5.6 Commencement of Payments

Payment shall commence at the discretion of the Senior Administrative Officer, but not later than sixty-five (65) days after the end of the month in which a Participant retires, dies or otherwise terminates employment. All payments shall be made as of the first day of the month.

## 5.7 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.

## 5.8 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 Senior Administrative Officer 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 Senior Administrative Officer 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 Senior Administrative Officer, the Participating Employer, and the Company from all liability with respect to such benefit.

## ARTICLE VI - RESTORATION OF PENSION PLAN BENEFITS

### 6.1 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.

### 6.2 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

(b) 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. 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 5.3(a)(i) 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), pay-

ment 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(a)(ii) 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.

### 6.3 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.

## ARTICLE VII - BENEFICIARY DESIGNATION

### 7.1 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 Senior Administrative Officer and will be effective only when filed with the Senior Administrative Officer during the Participant's lifetime.

### 7.2 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 Senior Administrative Officer. If a Participant's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted under applicable law.

### 7.3 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.

### 7.4 Effect of Payment

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

## ARTICLE VIII - ADMINISTRATION

### 8.1 Senior Administrative Officer; Duties

This Plan shall be administered by a Senior Administrative Officer appointed by the Committee. The Senior Administrative Officer may be a Participant under this Plan. The Senior Administrative Officer 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 Senior Administrative Officer shall report to the Committee on an annual basis regarding Plan activity, and at such other times as may be requested by the Committee.

### 8.2 Agents

In the administration of this Plan, the Senior Administrative Officer 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.

### 8.3 Binding Effect of Decisions

The decision or action of the Senior Administrative Officer 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.

### 8.4 Indemnity of Senior Administrative Officer; Committee

Each Participating Employer shall indemnify and hold harmless the Senior Administrative Officer, the Committee, and its 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.

### 8.5 Availability of Plan Documents

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

### 8.6 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.

## ARTICLE IX - CLAIMS PROCEDURE

### 9.1 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 Senior Administrative Officer or his delegatee who shall respond in writing as soon as practicable.

### 9.2 Denial of Claim

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

- (a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.
- (b) A description of any additional material or information required and an explanation of why it is necessary.
- (c) An explanation of the Plan's claim review procedure.

### 9.3 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 Senior Administrative Officer. The claim or request shall be reviewed by the Senior Administrative Officer, 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.

### 9.4 Final Decision

The decision by the Senior Administrative Officer 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.

## ARTICLE X - AMENDMENT AND TERMINATION OF PLAN

### 10.1 Amendment

The Senior Administrative Officer 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 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.

10.2 Termination

The Board 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.

10.3 Payment at Termination

Notwithstanding Paragraph 5.3 above, if the Plan is terminated, payment of each Account to a Participant or a Beneficiary for whom it is held shall commence within sixty (60) days of Plan termination in the earlier of one (1) of the following forms:

- (a) The form and time of payment designated by the Participant; or
- (b) Paid in the following form:

Appropriate Account Balance	PAYOUT PERIOD
Less than \$25,000	Lump sum
\$25,000 but less than \$100,000	Monthly installments over 2 years
\$100,000 but less than \$500,000	Monthly installments over 3 years
\$500,000 or more	Monthly installments over 5 years

Interest earned on the unpaid balance in Participant's Account shall be the applicable Interest rate on the Determination Date immediately preceding the effective date of such termination of the Plan.

ARTICLE XI - MISCELLANEOUS

11.1 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.

## 11.2 Liability

(a) 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.

(b) 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 unsecured promise to pay money in the future.

## 11.3 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.

## 11.4 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.

#### 11.5 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.

#### 11.6 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.

#### 11.7 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.

#### 11.8 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.

#### 11.9 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.

#### 11.10 Notice

Any notice or filing required or permitted to be given to the Senior Administrative Officer under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Senior Administrative Officer or to Secretary of Participating Employer. Notice to the Senior Administrative Officer, 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.

#### 11.11 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, as of the \_\_\_\_ day of May, 1996.

PORTLAND GENERAL CORPORATION

By:           /s/ Don F. Kielblock  
              Donald F. Kielblock  
              Senior Administrative Officer and  
              Vice President, Human Resources

PAGE 17 - MANAGEMENT DEFERRED COMPENSATION PLAN



OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN

1996 RESTATEMENT

Effective January 1, 1996

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PORTLAND GENERAL CORPORATION  
OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN  
1996 RESTATEMENT

ARTICLE I - PURPOSE

1.1 Restatement

Portland General Corporation adopted a Deferred Compensation Plan effective January 1, 1983 to cover Directors, officers and certain key employees. The Plan was renamed and amended by the 1987 Restatement and further amended by the 1988, 1990, and 1994 Restatements.

1.2 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.

1.3 Effective Date

This Restatement shall be effective as of January 1, 1996.

1.4 Plan Sponsor

The Plan is maintained for the benefit of 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.

ARTICLE II - DEFINITIONS

2.1 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.

2.2 Beneficiary

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

2.3 Board

"Board" means the Board of Directors of Portland General Corporation.

## 2.4 Change in Control

"Change in Control" means an occurrence in which:

(a) 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 Corporation ("PGC") or Portland General Electric ("PGE")), any trustee or other fiduciary holding securities under an employee benefit plan of PGC or PGE, or any Employer owned, directly or indirectly, by the stockholders of PGC or PGE in substantially the same proportions as their ownership of stock of PGC or 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 PGC's or PGE's then outstanding voting securities;

(b) 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 (other than a director designated by a person who has entered into an agreement with PGC to effect a transaction described in clause (a), (c) or (d) of this paragraph) 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 of whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(c) The stockholders of PGC or PGE approve a merger or consolidation of PGC or PGE with any other corporation, other than:

(i) A merger or consolidation which would result in the voting securities of PGC or PGE outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than eighty percent (80%) of the combined voting power of the voting securities of PGC or PGE or such surviving entity outstanding immediately after such merger or consolidation, or

(ii) A merger or consolidation effected to implement a recapitalization of PGC or PGE (or similar transaction) in which no "person" (as hereinabove defined) acquires more than thirty percent (30%) of the combined voting power of PGC's or PGE's then outstanding securities; or

(d) The stockholders of PGC or PGE approve a plan of complete liquidation of PGC or PGE or an agreement for the sale or disposition by PGC or PGE of sixty percent (60%) or more of PGC's or PGE's assets (including stock of subsidiaries) to a person or entity that is not a subsidiary or parent corporation. For purposes of determining whether a sale or other disposition of sixty percent (60%) of PGE's assets has occurred, only long-term assets shall be considered. Assets shall not be considered long-term assets if they constitute "regulatory assets," "stranded investments" or abandoned or nonoperational projects. Projects in economy shutdown shall be considered long-term assets.

## 2.5 Committee

"Committee" means the Human Resources Committee of the Board.

## 2.6 Company

"Company" means Portland General Corporation, an Oregon Corporation.

## 2.7 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 Senior Administrative Officer. Compensation does not include expense reimbursements, imputed compensation, or any form of noncash compensation or benefits.

## 2.8 Deferral Election

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

## 2.9 Determination Date

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

## 2.10 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.

## 2.11 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.

## 2.12 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 shareholder's share of voting power of all classes of its stock entitled to vote.

#### 2.13 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.

#### 2.14 Outside Director

"Outside Director" means a member of the Board who is not an employee of Portland General Corporation or any Direct Subsidiary or Indirect Subsidiary of Portland General Corporation.

#### 2.15 Participant

"Participant" means any eligible Outside Director who has elected to make deferrals under this Plan.

#### 2.16 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.

#### 2.17 Plan

"Plan" means the Portland General Corporation Outside Directors' Deferred Compensation Plan, as may be amended from time to time.

#### 2.18 Policies

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

#### 2.19 Senior Administrative Officer

"Senior Administrative Officer" means the employee in the management position designated by the Committee to administer the Plan.

## ARTICLE III-ELIGIBILITY AND DEFERRALS

### 3.1 Eligibility

An Outside Director shall be eligible to participate by making Deferral Elections under paragraph 3.2 below. The Senior Administrative Officer shall notify eligible Outside Directors about the Plan and the benefits provided under it.

### 3.2 Deferral Elections

(a) 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 Senior Administrative Officer. The Deferral Election must be filed with the Senior Administrative Officer no later than December 15, or such shorter period as designated in the Deferral Election form.

(b) 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 Senior Administrative Officer of eligibility to participate. Such Deferral Election shall be effective only with regard to Compensation earned after it is filed with the Senior Administrative Officer.

(c) 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(a) and a Deferral Election for the current calendar year shall become irrevocable upon filing with the Senior Administrative Officer under paragraph 3.2(b).

### 3.3 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.

## ARTICLE IV-DEFERRED COMPENSATION ACCOUNT

### 4.1 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.

### 4.2 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.

#### 4.3 Vesting of Accounts

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

#### 4.4 Statement of Accounts

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

### ARTICLE V - PLAN BENEFITS

#### 5.1 Benefits

(a) ENTITLEMENT TO BENEFITS AT TERMINATION. Benefits under this Plan shall be payable to a Participant on termination of membership on any and all Boards of any 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.

(b) 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.

#### 5.2 Withdrawals for Financial Emergency

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

(a) DETERMINATION. The existence of a Financial Emergency and the amount to be withdrawn shall be determined by the Senior Administrative Officer.

(b) 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.

#### 5.3 Form of Benefit Payment

(a) 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:

(i) A lump sum payment; or

(ii) 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.

(iii) 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.

(b) 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 Senior Administrative Officer. 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 Senior Administrative Officer may, in his sole discretion, direct that plan benefits be paid pursuant to the change of payment designation, notwithstanding the twelve (12) month requirement.

#### 5.4 Accelerated Distribution

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

(a) PENALTY.

(i) 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.

(ii) 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.

(b) 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 Senior Administrative Officer 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 Senior Administrative Officer.

## 5.5 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.

## 5.6 Commencement of Payments

Payment shall commence at the discretion of the Senior Administrative Officer, 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.

## 5.7 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.

## 5.8 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 Senior Administrative Officer 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 Senior Administrative Officer 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 Senior Administrative Officer, the Participating Company and the Company from all liability with respect to such benefit.

## ARTICLE VI - BENEFICIARY DESIGNATION

### 6.1 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 Senior Administrative Officer and will be effective only when filed with the Senior Administrative Officer during the Participant's lifetime.

### 6.2 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 Senior Administrative Officer. If a Participant's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted under applicable law.

### 6.3 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.

### 6.4 Effect of Payment

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

## ARTICLE VII - ADMINISTRATION

### 7.1 Senior Administrative Officer; Duties

This Plan shall be administered by a Senior Administrative Officer as designated by the Committee. Members of the Committee may be participants under this Plan. The Senior Administrative Officer 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 Senior Administrative Officer shall report to the Committee on an annual basis regarding Plan activity, and at such other times as may be requested by the Committee.

### 7.2 Agents

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

### 7.3 Binding Effect of Decisions

The decision or action of the Senior Administrative Officer 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.

### 7.4 Indemnity of Senior Administrative Officer; Committee

Each Participating Company shall indemnify and hold harmless the Senior Administrative Officer, the Committee and its 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.

## 7.5 Availability of Plan Documents

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

## 7.6 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.

# ARTICLE VIII - CLAIMS PROCEDURE

## 8.1 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 Senior Administrative Officer or his delegatee who shall respond in writing as soon as practicable.

## 8.2 Denial of Claim

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

- (a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.
- (b) A description of any additional material or information required and an explanation of why it is necessary.
- (c) An explanation of the Plan's claim review procedure.

## 8.3 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 Senior Administrative Officer. The claim or request shall be reviewed by the Senior Administrative Officer, 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.

## 8.4 Final Decision

The decision by the Senior Administrative Officer 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.

ARTICLE IX - AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment

The Senior Administrative Officer 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 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.

9.2 Termination

The Board 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.

9.3 Payment at Termination

Notwithstanding paragraph 5.3 above, if the Plan is terminated, payment of each Account to Participant or Beneficiary for whom it is held shall commence within sixty (60) days of Plan termination in the earlier of one (1) of the following forms:

- (a) the form and time of payment designated by the Participant; or
- (b) paid in the following form:

Appropriate Account Balance	Payout Period
Less than \$25,000	Lump Sum
\$25,000 but less than \$100,000	Monthly Installments Over 2 Years
\$100,000 but less than \$500,000	Monthly Installments Over 3 Years
\$500,000 or more	Monthly Installments Over 5 Years

Interest earned on the unpaid balance in Participant's Account shall be the applicable Interest rate on the Determination Date immediately preceding the effective date of such termination of the Plan.

## ARTICLE X - MISCELLANEOUS

### 10.1 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.

### 10.2 Liability

(a) **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 designation 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.

(b) **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.

### 10.3 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 obliga-

tion 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.

#### 10.4 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.

#### 10.5 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.

#### 10.6 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.

#### 10.7 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.

#### 10.8 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.

#### 10.9 Notice

Any notice or filing required or permitted to be given to the Senior Administrative Officer under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Senior Administrative Officer, or to 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 Senior Administrative Officer, 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.

#### 10.10 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.

10.11 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, as of the \_\_\_\_ day of May, 1996.

PORTLAND GENERAL CORPORATION

By: /s/ Don F. Kielblock  
Donald F. Kielblock  
Senior Administrative Officer and  
Vice President, Human Resources



PORTLAND GENERAL CORPORATION  
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN  
1996 RESTATEMENT

Effective January 1, 1996

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PORTLAND GENERAL CORPORATION  
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN  
1996 RESTATEMENT

ARTICLE I - PURPOSE

1.1 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. This Plan was originally effective on July 1, 1983.

1.2 Effective Date

This 1990 Restatement is adopted to make amendments to the Plan effective January 1, 1996.

ARTICLE II - DEFINITIONS

2.1 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 Senior Administrative Officer 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.

2.2 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.

2.3 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 nonqualified 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.

#### 2.4 Board

"Board" shall mean the Board of Directors of Portland General Corporation.

#### 2.5 Cause

Prior to a Change in Control, "Cause" shall mean:

(a) Employee engages in an act of dishonesty or moral turpitude (including but not limited to conviction of a felony) which materially injures or damages Employer,

(b) Employee willfully fails to substantially perform his or her duties hereunder and such willful failure results in demonstrable material injury and damage to Employer,

(c) A determination that Employee has misrepresented or concealed a material fact for the purpose of securing employment, or

(d) Employee's performance is substantially below the standard of performance which can reasonably be expected from an individual occupying Employee's position or Employee substantially fails to meet performance objectives, including without limitation guiding behaviors, which have been previously agreed to between Employee and Employer, such as performance objectives relating to profit.

Following a Change in Control, Cause shall mean:

(a) Employee engages in an act of dishonesty or moral turpitude (including but not limited to conviction of a felony) which materially injures or damages Employer, or

(b) Employee willfully fails to substantially perform his or her duties hereunder and such willful failure results in demonstrable material injury and damage to Employer.

#### 2.6 Change in Control

A "Change in Control" shall mean:

(a) 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 Corporation ("PGC") or Portland General Electric ("PGE"), any trustee or other fiduciary holding securities under an employee benefit plan of PGC or PGE, or any Employer owned, directly or indirectly, by the stockholders of PGC or PGE in substantially the same proportions as their ownership of stock of PGC or 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 PGC's or PGE's then outstanding voting securities;

(b) 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 (other than a director designated by a person who has entered into an agreement with PGC to effect a transaction described in clause (a), (c) or (d) of this paragraph) whose election by the Board or nomination for election by PGC's stockhold-

ers 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;

(c) The stockholders of PGC or PGE approve a merger or consolidation of PGC or PGE with any other corporation, other than:

(i) A merger or consolidation which would result in the voting securities of PGC or PGE outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than eighty percent (80%) of the combined voting power of the voting securities of PGC or PGE or such surviving entity outstanding immediately after such merger or consolidation, or

(ii) A merger or consolidation effected to implement a recapitalization of PGC or PGE (or similar transaction) in which no "person" (as hereinabove defined) acquires more than thirty percent (30%) of the combined voting power of PGC's or PGE's then outstanding securities; or

(d) The stockholders of PGC or PGE approve a plan of complete liquidation of PGC or PGE or an agreement for the sale or disposition by PGC or PGE of sixty percent (60%) or more of PGC's or PGE's assets (including stock of subsidiaries) to a person or entity that is not a subsidiary or parent corporation. For purposes of determining whether a sale or other disposition of sixty percent (60%) of PGE's assets has occurred, only long-term assets shall be considered. Assets shall not be considered long-term assets if they constitute "regulatory assets," "stranded investments" or abandoned or nonoperational projects. Projects in economy shutdown shall be considered long-term assets.

#### 2.7 Committee

"Committee" shall mean the Human Resources Committee of the Board.

#### 2.8 Company

"Company" shall mean Portland General Corporation, an Oregon Corporation.

#### 2.9 Credited Service

"Credited Service" shall mean a Participant's Years of Credited Service or Benefit Service as defined in the Basic Plan. Credited Service shall continue to accrue during a Participant's period of Disability.

#### 2.10 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.

## 2.11 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.

## 2.12 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.

## 2.13 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.

## 2.14 Employment

"Employment" shall mean the period or periods during which an individual is an employee of one or more Participating Employers.

## 2.15 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.

## 2.16 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.

## 2.17 Other Retirement Income

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

(a) FOR OTHER THAN DISABILITY RETIREMENT. Any periodic income continuance, severance payments or other defined benefit retirement payments from a Participating Employer.

(b) FOR DISABILITY RETIREMENT. Income from the Portland General Corporation Long-Term Disability Plan or any other long-term disability plan sponsored by a Participating Employer.

2.18 Participant

"Participant" shall mean an employee of a Participating Employer, who is also a Senior Officer as defined in Paragraph 2.23 and designated in writing as a Participant by the Senior Administrative Officer.

2.19 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.

2.20 Plan

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

2.21 Retirement

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

2.22 Senior Administrative Officer

"Senior Administrative Officer" shall mean the employee in the management position designated by the Committee to administer the Plan.

2.23 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.

2.24 Spouse

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

## ARTICLE III - ELIGIBILITY

### 3.1 Eligibility

Eligibility to participate shall be limited to those employees who have attained the position of Senior Officer and are designated in writing as a Participant by the Senior Administrative Officer, or those employees who have previously been selected as Participants.

### 3.2 Retirement

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

(a) NORMAL RETIREMENT DATE, which is the first day of the month following the month in which the Participant reaches age sixty-five (65);

(b) 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 Corporation and any Direct and Indirect Subsidiaries of Portland General Corporation;

(c) 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 Corporation and any and all Direct and Indirect Subsidiaries of Portland General Corporation; or

(d) DISABILITY RETIREMENT DATE, which is the first day of the month following six (6) months of Disability as certified by the Senior Administrative Officer.

### 3.3 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:

(a) The Participant is discharged for Cause prior to a Change in Control, as determined by the Committee;

(b) The Participant is discharged for Cause following a Change in Control, as determined by the Committee, provided, however, that in lieu of the Claims Procedure provided in Article VIII, the Participant shall be entitled to proceed pursuant to Section 3.4.

(c) 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 Committee; or

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

### 3.4 Claims Procedure After Change in Control

(a) If the Participant is discharged for Cause following a Change in Control, and the Participant, in good faith, believes this Plan has failed to pay or provide payment of any amounts required to be paid or provided for hereunder, the Participant shall be entitled to consult with independent counsel, and the Plan agrees to pay the reasonable fees and expenses of such counsel for the Participant, advising him or her in connection therewith or in bringing any proceedings, or in defending any proceedings, including any appeal arising from any proceeding, involving the Participant's rights under this Plan, such right to reimbursement to be immediate upon the presentation by the Participant of written billings of such reasonable fees and expenses. The Participant shall be entitled to the prime rate of interest established from time to time at United States National Bank of Oregon or its successor for any payments of such expenses, or any other payments under this Plan, that are overdue.

(b) Because it is agreed that time will be of the essence in determining whether any payments are due to Participant under this Plan following a Change in Control, Participant may, if he or she desires, submit any claim for payment under this Plan or dispute regarding the interpretation of this Plan to arbitration. This right to select arbitration shall be solely that of Participant, and Participant may decide whether or not to arbitrate in his or her discretion. The "right to select arbitration" is not mandatory on Participant, and Participant may choose in lieu thereof to bring an action in an appropriate civil court. Once an arbitration is commenced, however, it may not be discontinued without the mutual consent of both parties to the arbitration.

(c) Any claim for arbitration shall be filed in writing with an arbitrator of Participant's choice who is selected by the method described in the next four (4) sentences. The first step of the selection shall consist of Participant submitting a list of five (5) potential arbitrators to the Plan. Each of the five (5) arbitrators must be either 1) a member of the National Academy of Arbitrators located in the State of Oregon, or 2) a retired Oregon Federal District Court, Oregon Supreme Court or Oregon Court of Appeals judge. Within one (1) week after receipt of the list, the Plan shall select one (1) of the five (5) arbitrators as the arbitrator for the dispute in question. If the Plan fails to select an arbitrator in a timely manner, Participant shall then designate one (1) of the five (5) arbitrators as the arbitrator for the dispute in question.

(d) The arbitration hearing shall be held within seven (7) days (or as soon thereafter as possible) after the picking of the arbitrator. No continuance of said hearing shall be allowed without the mutual consent of Participant and the Plan. Absence from or nonparticipation at the hearing by either party shall not prevent the issuance of an award. Hearing procedures which will expedite the hearing may be ordered at the arbitrator's discretion, and the arbitrator may close the hearing in his or her sole discretion when he or she decides he or she has heard sufficient evidence to satisfy issuance of an award.

(e) The arbitrator's award shall be rendered as expeditiously as possible and in no event later than one (1) week after the close of the hearing. In the event the arbitrator finds that Participant was not terminated for Cause, he or she shall order the Plan to immediately take the necessary steps to remedy the breach. The award of the arbitrator shall be final and binding upon the parties. The award may be enforced in any appropriate court as soon as possible after its rendition. If an action is brought to confirm the award, both the Plan and Participant agree that no appeal shall be taken by either party from any decision rendered in such action.

(f) Solely for purposes of determining the allocation of the costs described in this subsection, the Plan will be considered the prevailing party in a dispute if the arbitrator determines 1) Participant was terminated for Cause, and 2) the claim by Participant was not made in good faith. Otherwise, Participant will be considered the prevailing party. In the event that the Plan is the prevailing party, the fee of the arbitrator and all necessary expenses of the hearing (excluding any attorneys' fees incurred by the Plan) including stenographic reporter, if employed, shall be paid by Participant. In the event that Participant is the prevailing party, the fee of the arbitrator and all necessary expenses of the hearing (INCLUDING all attorneys' fees incurred by Participant in pursuing his or her claim), including the fees of a stenographic reporter if employed, shall be paid by the Plan.

ARTICLE IV-AMOUNT, FORM AND PAYMENT OF  
SUPPLEMENTAL BENEFIT

4.1 Normal Retirement Benefit

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

(a) Three percent (3%) of Final Average Earnings for each of the first fifteen (15) years of Credited Service, plus one and one half percent (1-1/2%) 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 (3/4%) for each year of Credited Service in excess of twenty-five (25) ("Annual Supplemental Benefit");

- (i) less any Basic Plan Offset;
- (ii) less any Other Retirement Income.

4.2 Early Retirement Benefit

(a) 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 Paragraph 4.6 as appropriate;

- (i) less any Basic Plan Offset;
- (ii) less any Other Retirement Income.

(b) 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:

- (i) the earliest date the Participant is eligible for Social Security retirement benefits; or

(ii) the Participant's date of death.

#### 4.3 Separation from Service Benefit

The annual benefit payable at a date of separation from service other than as a result of Retirement, Disability, or Termination upon a Change in Control shall equal:

(a) 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 Paragraph 4.6 as appropriate;

(i) less any Basic Plan Offsets;

(ii) less any Other Retirement Income.

(b) 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.

#### 4.4 Postponed Retirement Benefit

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

#### 4.5 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 Credited 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.

#### 4.6 Reduction of Benefits

In the event that a benefit calculated under Paragraphs 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.

#### 4.7 Unreduced Benefit Date

"Unreduced Benefit Date" shall mean the earlier of:

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

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

#### 4.8 Commencement of Benefits

Benefits payable in accordance with Paragraph 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.

#### 4.9 Form of Benefit

The benefits under this Plan shall be payable as follows:

(a) If the Participant is unmarried when benefits begin, a straight life annuity; or

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

#### 4.10 Benefit Increases for Retirees

Benefits payable to retirees receiving benefits under this Plan shall be increased in the same manner and at the same time as benefits are increased for retirees under the Basic Plan.

#### 4.11 Accelerated Distribution

Notwithstanding any other provision of the Plan, a Participant shall be entitled to receive, upon written request to the Senior Administrative Officer, a lump-sum distribution equal to the Actuarially Equivalent of the vested benefits under this Plan on the date the written request was received, subject to the following:

(a) PENALTY. Ten percent (10%) of the account shall be forfeited and ninety percent (90%) of the account paid to the Participant.

(b) SUSPENSION. A Participant who receives a distribution under this section shall be suspended from participation in this Plan and shall have no future benefit accruals under this Plan.

(c) PAYMENT. 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 Senior Administrative Officer.

### ARTICLE V - PRERETIREMENT SURVIVOR BENEFITS

#### 5.1 Survivor Benefit

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

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

(b) Less any benefits to such Spouse actually payable from the Basic Plan.

#### 5.2 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 Paragraph 5.4. Payments may commence to eligible Dependents pursuant to Paragraph 5.3.

#### 5.3 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 Paragraph 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.

#### 5.4 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 Senior Administrative Officer is notified of such remarriage.

### ARTICLE VI - DISABILITY BENEFITS

#### 6.1 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.

#### 6.2 Disability Benefit

The annual Disability benefit shall be equal to the benefit determined in accordance with Paragraph 4.1, based on projected years of Credited 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.

#### 6.3 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 Senior Administrative Officer. If the Participant retires under the Basic Plan, retirement benefits shall be payable pursuant to Paragraph 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.

#### 6.4 Survivor and Dependent Benefits

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

#### 6.5 Evidence of Continued Disability

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

### ARTICLE VII - ADMINISTRATION

#### 7.1 Senior Administrative Officer; Duties

This Plan shall be administered by the Senior Administrative Officer appointed by the Committee. The Senior Administrative Officer may be a Participant under the Plan. The Senior Administrative Officer 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 Senior Administrative Officer shall report to the Committee on an annual basis regarding Plan activity and at such other times as may be requested by the Committee.

#### 7.2 Agents

In the administration of this Plan, the Senior Administrative Officer 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.

#### 7.3 Binding Effect of Decisions

The decision or action of the Senior Administrative Officer 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.

#### 7.4 Indemnity of Senior Administrative Officer; Committee

Each Participating Employer shall indemnify and hold harmless the Senior Administrative Officer, the Committee, and its 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.

## 7.5 Availability of Plan Documents

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

## 7.6 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.

# ARTICLE VIII - CLAIMS PROCEDURE

## 8.1 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 Senior Administrative Officer or his delegatee who shall respond in writing as soon as practicable.

## 8.2 Denial of Claim

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

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

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

(c) An explanation of the Plan's claim review procedure.

## 8.3 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 Senior Administrative Officer. The claim or request shall be reviewed by the Senior Administrative Officer, 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.

## 8.4 Final Decision

The decision by the Senior Administrative Officer 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.

## ARTICLE IX - TERMINATION OR AMENDMENT

### 9.1 Amendment

The Senior Administrative Officer 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 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.

### 9.2 Termination

The Board 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.

## ARTICLE X - MISCELLANEOUS

### 10.1 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 Paragraph 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.

### 10.2 Liability

(a) 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 as 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.

(b) 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.

### 10.3 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.

### 10.4 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, 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.

### 10.5 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 Senior Administrative Officer 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 Senior Administrative Officer 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 Senior Administrative Officer, the Participating Employer and the Company from all liability with respect to such benefit.

### 10.6 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 Partici-

pant'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.

#### 10.7 Protective Provisions

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.

#### 10.8 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.

#### 10.9 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.

#### 10.10 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.

#### 10.11 Notice

Any notice or filing required or permitted to be given to the Senior Administrative Officer under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Senior Administrative Officer 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.

#### 10.12 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 resolution of the Board, the Company has caused this instrument to be executed by its officers thereunto duly authorized, as of the 1st day of April, 1996.

PORTLAND GENERAL CORPORATION

By: /s/ Don F. Kielblock

Its: Vice President

PAGE 17 - SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN



PORTLAND GENERAL CORPORATION  
RETIREMENT PLAN FOR OUTSIDE DIRECTORS  
1996 RESTATEMENT

Effective January 1, 1996

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PORTLAND GENERAL CORPORATION  
RETIREMENT PLAN FOR OUTSIDE DIRECTORS  
1996 RESTATEMENT

ARTICLE I - PURPOSE

1.1 Purpose

The Portland General Corporation 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. The Plan became effective on January 1, 1985 and was amended by the 1990 Restatement

1.2 Effective Date

This 1996 Restatement is effective January 1, 1996.

1.3 Plan Sponsor

The Plan is maintained for the benefit of 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.

ARTICLE II - DEFINITIONS

2.1 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 Senior Administrative Officer 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.

2.2 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.

2.3 Board

"Board" shall mean the Board of Directors of Portland General Corporation.

## 2.4 Change in Control

A "Change in Control" shall mean:

(a) 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 Corporation ("PGC") or Portland General Electric ("PGE"), any trustee or other fiduciary holding securities under an employee benefit plan of PGC or PGE, or any Employer owned, directly or indirectly, by the stockholders of PGC or PGE in substantially the same proportions as their ownership of stock of PGC or 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 PGC's or PGE's then outstanding voting securities;

(b) 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 (other than a director designated by a person who has entered into an agreement with PGC to effect a transaction described in clause (a), (c) or (d) of this paragraph) 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 of whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(c) The stockholders of PGC or PGE approve a merger or consolidation of PGC or PGE with any other corporation, other than:

(i) A merger or consolidation which would result in the voting securities of PGC or PGE outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than eighty percent (80%) of the combined voting power of the voting securities of PGC or PGE or such surviving entity outstanding immediately after such merger or consolidation, or

(ii) A merger or consolidation effected to implement a recapitalization of PGC or PGE (or similar transaction) in which no "person" (as hereinabove defined) acquires more than thirty percent (30%) of the combined voting power of PGC's or PGE's then outstanding securities; or

(d) The stockholders of PGC or PGE approve a plan of complete liquidation of PGC or PGE or an agreement for the sale or disposition by PGC or PGE of sixty percent (60%) or more of PGC's or PGE's assets (including stock of subsidiaries) to a person or entity that is not a subsidiary or parent corporation. For purposes of determining whether a sale or other disposition of sixty percent (60%) of PGE's assets has occurred, only long-term assets shall be considered. Assets shall not be considered long-term assets if they constitute "regulatory assets," "stranded investments" or abandoned or nonoperational projects. Projects in economy shutdown shall be considered long-term assets.

## 2.5 Committee

"Committee" shall mean the Human Resources Committee of the Board.

## 2.6 Company

"Company" shall mean Portland General Corporation, an Oregon Corporation.

## 2.7 Compensation

"Compensation" shall mean the greater of actual annual retainer and fees for attendance at 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.

## 2.8 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.

## 2.9 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.

## 2.10 Effective Date

"Effective Date" shall mean January 1, 1985.

## 2.11 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.

## 2.12 Marriage

"Marriage" shall mean the Marriage or Remarriage of a Participant prior to their separation from service on the Board.

## 2.13 Outside Director

"Outside Director" shall mean a member of the Board who is not an employee of Portland General Corporation or any Direct Subsidiary or Indirect Subsidiary of Portland General Corporation.

#### 2.14 Participant

"Participant" shall mean any eligible Outside Director elected to the Board prior to the Suspension Date.

#### 2.15 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.

#### 2.16 Plan

"Plan" shall mean the Portland General Corporation Retirement Plan for Outside Directors.

#### 2.17 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.

#### 2.18 Senior Administrative Officer

"Senior Administrative Officer" shall mean the employee in the management position designated by the Committee to administer the Plan.

#### 2.19 Spouse

"Spouse" shall mean the person to whom the Outside Director was legally married at the Outside Director's date of death.

#### 2.20 Suspension Date

"Suspension Date" shall mean January 1, 1996.

#### 2.21 Termination

"Termination" shall mean removal from the Board by shareholders during a current term of office.

ARTICLE III - RETIREMENT BENEFITS

3.1 Eligibility

Each Participant who reaches a Retirement Date on or after the Effective Date shall be eligible for retirement benefits under this Plan.

3.2 Benefit Upon Retirement

(a) 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.

(b) All Participants shall be vested in their accrued benefit as of the Suspension Date.

3.3 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 Senior Administrative Officer. The following options shall be available:

(a) If the Participant is unmarried as of the Retirement Date, the benefit shall be paid:

(i) As a straight life annuity; or

(ii) Over a length of time equal to the lesser of the Outside Director's Benefit Service or the Outside Director's lifetime.

(b) If the Participant is married as of the Retirement Date, the benefit may be paid:

(i) As a straight life annuity; or

(ii) As a fifty percent (50%) joint and survivor annuity; or

(iii) As a one hundred percent (100%) joint and survivor annuity; or

(iv) Over a period of time equal to the Outside Director's Benefit Service so long as the Outside Director or Spouse is living; or

(v) 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 Section 3.3(a)(ii) or (b)(v) 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.

(c) 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.

#### 3.4 Commencement of Payment

Benefit payments shall commence within thirty (30) days following separation from service on the Board.

### ARTICLE IV - BENEFITS AFTER CHANGE IN CONTROL

#### 4.1 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:

(a) A benefit shall be payable regardless of the Outside Director's Benefit Service, Retirement Date, or age.

(b) 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.

#### 4.2 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(c), shall be paid in a lump sum.

#### 4.3 Commencement of Payment

Benefit payment shall be made within sixty (60) days following Termination of the Outside Director.

### ARTICLE V - SURVIVOR BENEFITS

#### 5.1 Survivor Benefit

If an Outside Director, who is eligible for a retirement benefit, dies while serving on the 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 Section 3.3 (b) (ii), (iii), (iv), or (v).

#### 5.2 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 Senior Administrative Officer is not notified of such remarriage within six (6) months, no benefit shall be payable under this Section.

### ARTICLE VI - ADMINISTRATION

#### 6.1 Senior Administrative Officer; Duties

This Plan shall be administered by the Senior Administrative Officer, as designated by the Committee. Members of the Committee may be Participants under this Plan. The Senior Administrative Officer 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 Senior Administrative Officer shall report to the Committee on an annual basis regarding Plan activity and at such other times as may be requested by the Committee.

#### 6.2 Agents

In the administration of the Plan, the Senior Administrative Officer 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.

#### 6.3 Binding Effect of Decisions

The decision or action of the Senior Administrative Officer 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.

#### 6.4 Indemnity of Senior Administrative Officer; Committee

Each Participating Company shall indemnify and hold harmless the Senior Administrative Officer and the Committee and its 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.

## 6.5 Availability of Plan Documents

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

## 6.6 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.

# ARTICLE VII - CLAIMS PROCEDURE

## 7.1 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 Senior Administrative Officer or his delegatee who shall respond in writing as soon as practicable.

## 7.2 Denial of Claim

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

- (a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.
- (b) A description of any additional material or information required and an explanation of why it is necessary.
- (c) An explanation of the Plan's claim review procedure.

## 7.3 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 Senior Administrative Officer. The claim or request shall be reviewed by the Senior Administrative Officer, 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.

## 7.4 Final Decision

The decision of the Senior Administrative Officer 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.

ARTICLE VIII - AMENDMENT AND TERMINATION OF PLAN

8.1 Amendment

The Senior Administrative Officer 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 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.

8.2 Termination

The Board 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.

ARTICLE IX - MISCELLANEOUS

9.1 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.

9.2 Liability

(a) LIABILITY OF 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 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 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.

(b) 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 shall be that of an unfunded and unsecured promise to pay money in the future.

### 9.3 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.

### 9.4 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.

### 9.5 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 Senior Administrative Officer 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 Senior Administrative Officer 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 Senior Administrative Officer, the Committee and the Company from all liability with respect to such benefit.

### 9.6 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.

### 9.7 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.

#### 9.8 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.

#### 9.9 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.

#### 9.10 Notice

Any notice or filing required or permitted to be given to the Senior Administrative Officer under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Senior Administrative Officer 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.

#### 9.11 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.

#### 9.12 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, as of the 1st day of January, 1996.

PORTLAND GENERAL CORPORATION

By: /s/ Don F. Kielblock  
Its Vice President

Dated: May 7, 1996



OUTSIDE DIRECTORS' LIFE INSURANCE BENEFIT PLAN

1996 RESTATEMENT

Effective January 1, 1996

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SCHEDULE I

Death Benefits Payable Under Portland General Corporation  
Outside Directors' Life Insurance Benefit Plan

EXHIBIT A

Collateral Assignment

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PORTLAND GENERAL CORPORATION  
OUTSIDE DIRECTORS' LIFE INSURANCE BENEFIT PLAN  
1996 RESTATEMENT

ARTICLE I - PURPOSE

1.1 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 split dollar life insurance arrangement. This Plan became effective on January 1, 1987 and was restated effective December 1, 1988.

1.2 Effective Date

This 1996 Restatement is adopted to make amendments to the Plan effective January 1, 1996.

ARTICLE 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:

2.1 Board

"Board" shall mean the Board of Directors of Portland General Corporation.

2.2 Cash Value

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

2.3 Cause

"Cause" shall mean a breach of fiduciary duty while a member of the Board.

2.4 Change in Control

A "Change in Control" shall mean:

(a) 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 Corporation ("PGC") or Portland General Electric ("PGE")), any trustee or other fiduciary holding securities under an employee benefit plan of PGC or PGE, or any Employer owned, directly or indirectly, by the stockholders of PGC or PGE in substantially the same proportions as their ownership of stock of PGC or 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 PGC's or PGE's then outstanding voting securities;

(b) 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 (other than a director designated by a person who has entered into an agreement with PGC to effect a transaction described in clause (a), (c) or (d) of this paragraph) 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 of whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(c) The stockholders of PGC or PGE approve a merger or consolidation of PGC or PGE with any other corporation, other than:

(i) A merger or consolidation which would result in the voting securities of PGC or PGE outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than eighty percent (80%) of the combined voting power of the voting securities of PGC or PGE or such surviving entity outstanding immediately after such merger or consolidation, or

(ii) A merger or consolidation effected to implement a recapitalization of PGC or PGE (or similar transaction) in which no "person" (as hereinabove defined) acquires more than thirty percent (30%) of the combined voting power of PGC's or PGE's then outstanding securities; or

(d) The stockholders of PGC or PGE approve a plan of complete liquidation of PGC or PGE or an agreement for the sale or disposition by PGC or PGE of sixty percent (60%) or more of PGC's or PGE's assets (including stock of subsidiaries) to a person or entity that is not a subsidiary or parent corporation. For purposes of determining whether a sale or other disposition of sixty percent (60%) of PGE's assets has occurred, only long-term assets shall be considered. Assets shall not be considered long-term assets if they constitute "regulatory assets," "stranded investments" or abandoned or nonoperational projects. Projects in economy shutdown shall be considered long-term assets.

## 2.5 Committee

"Committee" shall mean the Human Resources Committee of the Board.

## 2.6 Company

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

## 2.7 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.

## 2.8 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.

## 2.9 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.

## 2.10 Insurer

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

## 2.11 Net Single Premium

"Net Single Premium" shall mean the amount calculated by an enrolled actuary selected by the Senior Administrative Officer, required to obtain the level death benefit promised in Table I, calculated using the 1983 Group Annuity Table male rates and employing continuous functions.

## 2.12 Outside Director

"Outside Director" shall mean a member of the Board who is not an employee of Portland General Corporation or any Direct Subsidiary or an Indirect Subsidiary of Portland General Corporation.

## 2.13 Participant

"Participant" shall mean an Outside Director who has elected to participate in the Plan and was an Outside Director on or before January 1, 1996.

## 2.14 Participant's Share

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

## 2.15 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.

2.16 Participating Company's Share of Premium

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

2.17 Plan

"Plan" shall mean the Portland General Corporation Outside Directors' Life Insurance Benefit Plan, as may be amended from time to time.

2.18 Policy

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

2.19 Retirement

"Retirement" shall mean separation from service on the 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.

2.20 Senior Administrative Officer

"Senior Administrative Officer" shall mean the employee in the management position designated by the Committee to administer the Plan.

ARTICLE III - PARTICIPATION

3.1 Eligibility

Eligibility shall be limited to Outside Directors who served on the Board on or before January 1, 1996.

3.2 Election to Participate

An Outside Director may elect to participate in the Plan by completing such documents as may be prescribed by the Senior Administrative Officer.

ARTICLE IV - POLICY TITLE AND OWNERSHIP

4.1 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.

#### 4.2 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.

### ARTICLE V - PREMIUM PAYMENT

#### 5.1 Participating Company's Premium Payment

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

#### 5.2 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.

### ARTICLE VI - PARTICIPATING COMPANY'S INTEREST IN THE POLICY

#### 6.1 Collateral Assignment

Each Participant shall assign the Policy to the Participating Company as collateral, under the form of collateral assignment attached as Exhibit A. 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/or a portion of the death benefit thereof.

#### 6.2 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:

(a) 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 Paragraph 7.1;

(b) 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;

(c) 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 on the Board of a Participating Company as provided in Paragraphs 8.1 and 8.2.

ARTICLE VII - PARTICIPANT'S INTEREST IN THE POLICY

7.1 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.

7.2 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.

7.3 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.

ARTICLE VIII - PLAN BENEFITS

8.1 Upon Termination of Participation in the Plan

In the event the Participant terminates participation in the Plan prior to leaving service on the Board of any Participating Company, 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 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.

8.2 Upon Termination of Service

(a) In the event of termination of service on the Board of any Participating Company for Cause (as determined by the 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. 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.

(b) In the event of termination of service on the 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:

(i) 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

(ii) execute any and all instruments that may be required to vest ownership of said Policy in the Participating Company. The Participating Company 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.

#### 8.3 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:

- (a) determine to what extent the cash value exceeds the Net Single Premium and recover the excess, if any; and
- (b) upon recovery of the excess, release the collateral assignment and thereafter have no further interest in the Policy; and
- (c) 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 (b) above.

#### 8.4 Upon Retirement

In the event of termination from service on the Board of a Participating Company at or after 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) continue participation in the Plan with the Company continuing to pay premiums, and the Participant continuing to pay the Participant's Share pursuant to Article V.

#### 8.5 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 such ownership of said Policy in the Participating Employer within ninety (90) days following receipt of notice from the Participating Company.

### ARTICLE IX - DURATION OF THE PLAN

#### 9.1 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:

- (a) the Participating Company to recover the Participating Company's Share of Premium; and

(b) 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

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

## 9.2 Termination of Arrangement

When the standard required by Paragraph 9.1 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.

## ARTICLE X - AMENDMENT AND TERMINATION OF PLAN

### 10.1 Amendment

The Senior Administrative Officer 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 Paragraph 9.1, the Committee may not amend, modify or revoke this Plan in a manner that reduces the rights of the Participant under this Plan.

### 10.2 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.

## ARTICLE 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.

## ARTICLE XII - NAMED FIDUCIARY

### 12.1 Senior Administrative Officer; Committee

The Senior Administrative Officer is hereby designated the "Named Fiduciary" until removal by the Committee. As Named Fiduciary, the Senior Administrative Officer shall be responsible for the management, control and administration of the Plan established herein. The Senior Administrative Officer 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.

#### 12.2 Indemnity of Senior Administrative Officer; Committee

Each Participating Company shall indemnify and hold harmless the Senior Administrative Officer and the Committee and its 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.

#### 12.3 Availability of Plan Documents

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

#### 12.4 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.

### ARTICLE XIII - CLAIMS PROCEDURE

#### 13.1 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.

#### 13.2 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:

- (a) the reasons for the denial or dispute; with specific reference to the Plan provisions upon which the denial or dispute is based;
- (b) a description of any additional material or information necessary and an explanation of why it is necessary; and
- (c) an explanation of the Plan's claim review procedure.

#### 13.3 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.

#### 13.4 Final Decision

The decision of the Senior Administrative Officer 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.

### ARTICLE XIV - MISCELLANEOUS

#### 14.1 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 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 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 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 assumption of liability for a Plan Participant's payment of any benefits under the Plan.

#### 14.2 Allocation of Asset

The interests of each Participating Company in and to the Policy as described in paragraph 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.

#### 14.3 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.

#### 14.4 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.

#### 14.5 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.

#### 14.6 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.

#### 14.7 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 provision had never been inserted herein.

#### 14.8 Notice

Any notice or filing required or permitted to be given to the Senior Administrative Officer under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Senior Administrative Officer or to Secretary of Company. Notice to the Senior Administrative Officer, 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.

#### 14.9 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.

#### 14.10 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, as of the \_\_\_ day of May, 1996.

PORTLAND GENERAL CORPORATION

By: /s/ Don F. Kielblock

Its: Senior Administrative Office

SCHEDULE I

Death Benefits Payable Under

Portland General Corporation

Outside Directors' Life Insurance Benefit Plan

1996 Restatement

Effective January 1, 1996

Outside Directors	\$200,000
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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 Corporation, 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"); and adopted as restated by the Assignee on December 1, 1988, 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 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 VIII of the Plan.

EXHIBIT A

Collateral Assignment  
(Continued)

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



OUTSIDE DIRECTORS' STOCK COMPENSATION PLAN

Portland General Corporation ("PGC") considers it desirable that members of its Board of Directors ("Board") who represent shareholders, be themselves shareholders. In order to supplement the direct efforts of the Directors themselves toward this end, PGC wishes to increase the ownership interest of outside Directors through awards of PGC Common Stock ("Common Stock"). By means of this Outside Directors' Stock Compensation Plan ("Plan") PGC wishes to increase the community of interest of the shareholders at large and the PGC Directors and to make ownership a dynamic influence on the attitudes of the Board.

The following Plan was therefore adopted effective April 5, 1989 and is amended and restated effective February 6, 1996.

1. PARTICIPATION.

1.1 Each outside Director of PGC shall participate in this Plan as follows:

(a) A member of the Board shall be an outside Director ("Director") if and so long as such member is not an employee of PGC or any of its subsidiaries or affiliates.

(b) Directors elected or appointed on or before April 6, 1989 shall participate as of such date, and Directors elected or appointed after April 6, 1989 shall participate as of the fifth business day subsequent to the date first elected or appointed.

(c) A Director's date of participation shall be the Award Date.

(d) Each annual meeting of shareholders after the Award Date shall be an Anniversary Date.

2. TRANSITION.

2.1 All awards made prior to January 1, 1996 ("Five-Year Award") shall remain in effect and subject to this Plan as provided in Section 8.

Outside Directors who presently have unvested Common Stock under a Five-Year Award will receive a one-time special award ("Transition Award") of Common Stock worth \$6,500 times the number of years remaining until all of the Common Stock under their present Five-Year Award is scheduled to vest. Transition Awards shall be subject to this Plan as provided in Section 8.

2.2 Directors first appointed or elected to the Board after January 1, 1996 and all other Directors, once the Common Stock under their Five-Year Awards and Transition Awards fully vests, will be awarded Common Stock in accordance with the terms and conditions set forth below.

3. AWARDS.

3.1 As of the Award Date a Director shall, subject to Section 3.2, be awarded Common Stock worth \$16,500 per year, based on the market value of the stock on the date of purchase, times the number of years remaining in the three-year term of the class of directors in which the Director serves, rounded to the nearest whole share ("Award"), as follows:

(a) As soon as practicable after the Award Date the Administrator shall deliver cash in the amount of the Award and applicable commissions to one or more brokers or other third persons with instructions to purchase Common Stock on the open market. It is understood that market conditions or regulations affecting open market purchases by a corporation of its own shares may extend the period of purchase over several days or weeks when

substantial sums are involved.

Any amount not expended to acquire the Common Stock shall be returned to the Company.

(b) When several Directors have the same Award Date, all of the Common Stock shall be purchased and then divided equally among the Directors so that each receives the same number of whole shares regardless of any changes in price that occur while purchases are being carried out.

(c) When all of the Common Stock has been purchased, certificates in the names of the Directors for their respective whole shares shall be delivered to the Administrator. Each Director shall deposit with the Administrator a blank stock power, duly executed and guaranteed, in a form satisfactory to the Administrator for each certificate for shares of Common Stock standing in the Director's name.

(d) The Administrator shall hold the certificates and stock powers until the shares of Common Stock are vested and released as provided in Section 4.

(e) The dividends on all unvested shares of Common Stock held by the Administrator for the Director shall be reinvested in the PGC Dividend Reinvestment and Optional Cash Payment Plan ("DRIP") on behalf of and for the account of the Director. Each Director shall, if requested by the Administrator, execute an authorization form for participation in the DRIP. Each Director agrees not to change or rescind the DRIP authorization with regard to any unvested shares of Common Stock. The reinvested dividends shall be vested at all times.

3.2 (a) Appointment for a partial year of more than six months will be treated as a full year unless the Director is

appointed to fill a

vacancy in a class that will be elected at the next annual meeting of shareholders. In that case:

(i) If the appointment is six months or more before the next annual meeting of shareholders, the Award will be reduced to \$16,500 worth of Common Stock which will vest at the date of the next annual meeting of shareholders.

(ii) If the appointment is less than six months before the next annual meeting of shareholders, the Director will receive a full Award, none of which will vest until three years later on the date of the annual meeting of shareholders at which the class in which the Director serves is again elected.

(b) If, assuming that the Director were reelected, a Director's service would end because of age limitations imposed by the Articles or Bylaws of PGC before the third Anniversary Date after an Award Date, the Award shall be reduced by one-third for each Anniversary Date that would fall after the date the Director's term ends.

3.3 After all of the shares of Common Stock from an Award (including Five-Year Awards and Transition Awards) have vested, the Director shall again receive an Award unless the Board determines to terminate the Plan. The Award Date for the Award shall be the later of the date of the PGC Annual Meeting of Shareholders coinciding with the last Anniversary Date for the prior Award to such Director or six (6) months after the date of the last preceding sale of any equity security of PGC by such Director. Such Award shall be subject to all the provisions of this Plan.

#### 4. VESTING; DELIVERY OF SHARES; FORFEITURES.

4.1 Subject to Sections 3.2(a) and 4.2 through 4.5, shares of Common Stock in an Award shall vest 100 percent on the

third Anniversary

Date. Five-Year Awards and Transition Awards shall vest and be released as set forth in Section 8.

4.2 If a Director receives a reduced Award under Section 3.2(b), vesting shall be accelerated so that the entire award shall vest on the date the Director's term ends. For example, if the Award were reduced by one-third (\$16,500 worth of Common Stock), all of the remaining shares (\$33,000 worth of Common Stock) would vest on the second Anniversary Date.

4.3 If a Director ceases to be such on an Anniversary Date, that Anniversary Date shall be included in determining the number of shares of Common Stock vested for that Director.

4.4 If a Director dies, the Director's outstanding Award shall vest as of the date of death.

4.5 Subject to Section 6, the certificate and stock power covering vested shares of Common Stock shall be delivered to the Director as soon as practicable after the shares vest.

4.6 If a Director ceases to be such for any reason other than death, any unvested Common Stock shall be forfeited. The Administrator, acting for the Director pursuant to the blank stock power, shall transfer the unvested Award to PGC. The Director or the Director's representative shall execute any documents reasonably requested by the Administrator to facilitate the transfer.

#### 5. STATUS BEFORE FULL VESTING.

5.1 Each Director shall be a shareholder of record with respect to all shares of Common Stock, whether or not vested, and shall be entitled to all of the rights of a registered holder, except that a Director's share certificates shall be held by the Administrator until delivered in accordance with Section 4.5.

5.2 Any communications to shareholders received by the Administrator with respect to the shares of Common Stock held by the Administrator shall be delivered to the Director as soon as practicable. The Director shall furnish to the Administrator a current mailing address for such purpose.

5.3 A Director may not transfer any interest in this Plan or any unvested Common Stock to any person other than as provided in Section 4.6.

#### 6. DEATH OF A DIRECTOR.

The vested Common Stock held by the Administrator for a Director who has died shall be delivered as soon as practicable to the Director's beneficiary in the following order of priority:

- (a) To the surviving beneficiary designated by the Director in writing to the Administrator;
- (b) To the Director's surviving spouse;
- (c) To the Director's estate.

#### 7. CHANGE IN CONTROL.

7.1 Should the PGC shareholders remove a Director from the Board during a current term of office within three (3) years following a Change in Control (as defined in Section 7.2), any unvested Common Stock shall vest up to the numbers of share of Common Stock that would have vested had the Director completed the current term of office.

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

- (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 PGC otherwise than through a

transaction arranged by, or  
consummated with the prior approval of, the Board; or

(b) During any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board [and any new Board member whose election by the Board or whose nomination for election by the shareholders of PGC was approved by a vote of at least two-thirds (2/3) of the Board members then still in office who either were Board members at the beginning of such period or whose election or nomination for election was previously so approved] cease for any reason to constitute a majority thereof.

8. TRANSITION PROVISIONS.

Unless otherwise specifically provided in this Plan, Five-Year Awards and Transition Awards shall be subject to the following provisions:

(a) Sections 3.1(d) and 3.1(e), 3.3, 4.3, 4.4, 4.5, 4.6, 5, 6, 7, 10, and 11.

(b) Subject to the provisions set forth in Clause (a), Five-Year Awards shall vest as follows:

	Percent Vested	Cumulative Percent
Award Date	0%	0%
First Anniversary Date	20%	20%
Second Anniversary Date	20%	40%
Third Anniversary Date	20%	60%
Fourth Anniversary Date	20%	80%
Fifth Anniversary Date	20%	100%

Each year that a portion of the stock under the present Five-Year Award vests, a one-year portion of the stock under the Transition Award also shall vest.

9. NUMBER OF SHARES.

The aggregate number of shares of Common Stock that may be issued pursuant to this Plan shall not exceed 100,000 shares.

10. ADMINISTRATION.

The Plan shall be administered by the Treasurer ("Administrator") who may delegate all or part of the duties required of the Administrator hereunder. Administrator shall have no discretion as to the Plan, except as to the selection of the brokers or other persons to purchase the Common Stock as required in Section 3.1 and shall perform the duties of the Administrator strictly in compliance with the Plan.

11. AMENDMENT OR TERMINATION; MISCELLANEOUS.

11.1 The Board may terminate this Plan at any time. The Board may not amend this Plan, including the designation of a new Administrator, more than once each six months. No amendment or termination shall adversely affect any then outstanding Award.

11.2 Subject to the rights of amendment and termination in this Section 11, this Plan shall continue indefinitely.

11.3 Nothing in this Plan shall create any obligation on the part of the Board to nominate any Director for reelection by the shareholders or the Board.

11.4 The awarding of shares of Common Stock under this Plan shall not be considered or counted in "Compensation" for purposes of the Portland General Electric Company Retirement Plan for Outside Directors. The vesting of shares under the Plan shall

not be included as

"Compensation" for purposes of the Portland General Electric Company Retirement Plan for Outside Directors, effective January 1, 1996.

Portland General Corporation

By: /s/ K. L. Harrison  
Dated: April 5, 1989  
Amended and Restated: February 6, 1996



POWER OF ATTORNEY

The undersigned Joseph M. Hirko, in his capacity as Chief Financial Officer and Chief Accounting Officer of Portland General Corporation (the "Corporation"), hereby appoints Joseph E. Feltz, Assistant Controller of the Corporation, as the attorney-in-fact, in any and all capacities stated herein, to execute on behalf of the undersigned and to file with the Securities and Exchange Commission under the Securities Exchange Act of 1934, the Portland General Corporation Quarterly Report on Form 10-Q for the quarter ended June 30, 1996.

Dated: August , 1996  
Portland, Oregon

PORTLAND GENERAL CORPORATION

\_\_\_\_\_/s/ Joseph M. Hirko\_\_\_\_\_  
By: Joseph M. Hirko

POWER OF ATTORNEY

POWER OF ATTORNEY

The undersigned Joseph M. Hirko, in his capacity as Chief Financial Officer and Chief Accounting Officer of Portland General Electric Company (the "Company"), hereby appoints Joseph E. Feltz, Assistant Controller of the Company, as the attorney-in-fact, in any and all capacities stated herein, to execute on behalf of the undersigned and to file with the Securities and Exchange Commission under the Securities Exchange Act of 1934, the Portland General Electric Company Quarterly Report on Form 10-Q for the quarter ended June 30, 1996.

Dated: August , 1996  
Portland, Oregon

PORTLAND GENERAL ELECTRIC COMPANY

\_\_\_\_\_/s/ Joseph M. Hirko\_\_\_\_\_  
By: Joseph M. Hirko

POWER OF ATTORNEY



UT

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS FILED ON FORM 10-Q FOR THE THREE MONTHS ENDED JUNE 30, 1996 FOR PORTLAND GENERAL CORPORATION (PGC) AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS	DEC-31-1996	JUN-30-1996	PER-BOOK
1,747,767			
342,314			
209,041			
1,135,262			
		0	
		3,434,384	
		191,686	
576,929			
947,488		178,873	
		30,000	
		857,087	0
		0	
226,532			
64,000			
		0	
7,980			
		2,542	
1,298,755			
3,434,384			
		233,425	
		24,743	
		157,007	
		181,750	
		51,675	
		1,984	
53,659			
		19,335	
		34,324	
		645	
33,679			
		16,358	
		64,992	
		51,178	
		0.66	
		0.66	

Represents the 12 month-to-date figure ending June 30, 1996.

UT

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS FILED ON FORM 10-Q FOR THE THREE MONTHS ENDED JUNE 30, 1996 FOR PORTLAND GENERAL ELECTRIC (PGE) AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS	DEC-31-1996	JUN-30-1996	PER-BOOK
	1,747,767		
	154,139		
	207,524		
	1,133,392		
		0	
		3,242,822	
		160,346	
	469,815		
	295,610		
925,771			
	30,000		0
	857,087		
		0	
	0		
224,332			
34,000			
	0		
	7,980		
		2,542	
1,161,110			
3,242,822			
	232,921		
	24,605		
	156,466		
	181,071		
	51,850		
		1,748	
53,598			
	18,684		
		34,914	
	645		
34,269			
	17,958		
	62,565		
	53,742		
		0	
		0	

Represents the 12 month-to-date figure ending June 30, 1996.