BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1121

APPLICATION OF OREGON ELECTRIC UTILITY COMPANY, LLC, *ET AL.* TO ACQUIRE PORTLAND GENERAL ELECTRIC COMPANY

MARCH 8, 2004

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Application of Oregon Electric Utility Company, LLC, and TPG Partners III, L.P., TPG Partners IV, L.P., and Managing Member LLC, Neil Goldschmidt, Gerald Grinstein, and Tom Walsh For an Order Authorizing Oregon Electric Utility Company, LLC To Acquire Portland General Electric Company

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TABLE OF CONTENTS

APPENDIX AND EXHIBITS

BEFORE THE PUBLIC UTILITY COMMISSION

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In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company	**APPLICATION**

Oregon Electric Utility Company, LLC ("Oregon Electric") and three of its members, TPG Partners III, L.P., TPG Partners IV, L.P., and Managing Member LLC, along with Neil Goldschmidt, Gerald Grinstein, and Tom Walsh, who will own Managing Member LLC (collectively referred to as the "Applicants"), respectfully apply for an order of the Oregon Public Utility Commission (the "Commission") approving Oregon Electric's acquisition of the common stock of Portland General Electric Company ("PGE") from PGE's parent company, Enron Corp. ("Enron"). Upon approval of this Application by the Commission and closing of the transaction with Enron, Applicants will exercise substantial influence over the policies and actions of PGE within the meaning of ORS § 757.511. This application is filed in accordance with ORS § 757.511.

I. INTRODUCTION

Oregon Electric has agreed to purchase PGE from Enron, subject to this Commission's and certain other regulatory approvals. The issue for the Commission is whether Oregon Electric's purchase "will serve the utility's customers in the public interest."

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Oregon Electric's plan is simple and straightforward: make PGE's core business of providing safe, reliable and efficient electric service to its customers its sole focus. The plan – and the benefits it will bring to PGE's customers and the public interest – may be summarized as follows:

- Remove PGE from Enron's ownership and place it in the hands of unified ownership—ensuring certainty of ownership, stability, and strong shareholder support;
- Re-establish local focus through significant Oregon representation on PGE's Board of Directors—ensuring accountability to customers and community concerns;
- Recruit a first-class board, including experienced industry executives and national and local business leaders—ensuring that PGE management has the best advice on how to navigate the challenges ahead;
- Re-invigorate board-level strategic direction and long-term planning—ensuring PGE's long term health;
- Invest in the future of PGE through capital reinvestment—ensuring reliability and efficiency from existing assets, and the acquisition and development of new resources; and
- Reinforce management's efforts to achieve best-in-class performance across PGE's critical service metrics and to instill financial discipline throughout the business—ensuring that customers receive safe, reliable and efficient electric service.

Through these initiatives, the Applicants will help PGE shed the burdens and distractions of its most recent past, thoughtfully and skillfully address its future, and strengthen the company's place in this community as a top-quality service provider, employer, business partner, and corporate citizen.

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The proposed acquisition is unlike any this Commission has addressed in the past. Prior proposed and approved acquisitions involved mergers in which an Oregon utility would become part of another utility group or energy conglomerate. Unlike those mergers, this proposed transaction will leave PGE independent in the sense that it will not be part of a larger, integrated operating business. This means the organization, from top to bottom, will be able to focus solely on serving its Oregon customers rather than being distracted by business integration issues and unnecessary complexity. This also means the utility Board, management, and employees will not have to contend with competing interests from other businesses in a larger group. Applicants believe that at this point in PGE's existence such independence, coupled with a first-class board of directors and backing responsible and skilled investors with a strong track record of helping companies meet unusual challenges, will best position PGE for renewed stability, growth and effectiveness in serving its customers and the broader interests of Oregon.

II. PRELIMINARY MATTERS

A. Application Overview

The Commission must find that "approval of the application will serve the utility's customers in the public interest." By means of this application and the attached Exhibits[1] (the "Application"), Applicants will demonstrate that Oregon Electric's acquisition of PGE will bring substantial benefits to PGE's customers and the public interest.

Part III of the Application provides detailed information about the proposed transaction. It describes the identity, financial ability, experience, and knowledge of the Applicants. It provides a thorough look at the details of the transaction, including the proposed corporate structure and financing. It also describes how the Applicants will be involved in and contribute to PGE's governance. Part IV of the Application sets forth the benefits that PGE's customers

[1] This application is supported by the Direct Testimony of (1) Local Applicant Panel, (2) Kelvin Davis, (3) Karl McDermott, and (4) Richard Schifter, which are included as Exhibits 2 through 5, respectively.

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and the general public will gain from Oregon Electric's acquisition of PGE. It demonstrates how and in what ways the proposed transaction meets the Commission's legal standard for approval.

B. Jurisdiction and Review Process

The Commission has jurisdiction to review this Application pursuant to ORS § 757.511. Commission authorization must be obtained before any person may directly or indirectly exercise substantial influence over the policies and actions of a public utility that provides heat, light, or power, if such person is or would become an "affiliated interest" with such public utility, as defined in ORS §§ 757.015(1), (2), or (3).[2] The Commission is required to "examine and investigate" the Application, but it is not required to provide for a contested case hearing or any other specific process.[3]

A list identifying the relevant parties to this Application and the individuals who should receive notices and communications concerning the Commission's review process can be found in Exhibit 1.

C. Application Checklist

Oregon law and the Commission's own rules require that each Application provide detailed information regarding specific topics of concern.[4] For the ease of review, Appendix A provides a checklist identifying each topic and that part of the Application or its Exhibits in which the topic is addressed. If not set out elsewhere, the information required is set forth in the checklist itself.

D. Time Extension For Processing Application

By statute, the Commission must issue an order disposing of this Application within 19 business days of its receipt.[5] Oregon Electric hereby consents to an extension of this deadline

[2] ORS § 757.015 provides that an "affiliated interest" includes corporations and persons owning or holding directly or indirectly, in any chain of successive ownership, five percent or more of the voting securities of a public utility.

[3] *See In the Matter of the Application of Enron Corp. for an Order Authorizing the Exercise of Influence over Portland General Electric Company*, OPUC Order No. 97-196, Docket No. UM 814 (June 4, 1997).

[4] ORS § 757.511(2); OAR 860-027-0200.

[5] ORS § 757.511(3).

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until September 15, 2004. Oregon Electric is willing to consent to this extension so that the Commission can fully investigate and process the Application in an orderly manner.

III. THE PROPOSED TRANSACTION

Oregon Electric has agreed to acquire all the issued and outstanding common stock of PGE for $1.25 billion plus an estimated purchase price adjustment, for a total purchase price of approximately $1.4 billion (the "Proposed Transaction").[6] As a result of the Proposed Transaction, Oregon Electric will serve as a "holding company" whose sole purpose will be to hold the stock ownership of PGE. PGE's name will not change, PGE headquarters will remain in Portland, and PGE's current management team will continue to operate the utility on a day-to-day basis. Significantly, however, Oregon Electric will appoint a new board of directors of PGE with considerable business expertise and prominent local representation.

A. Introduction to Oregon Electric and its Members

At closing, Oregon Electric will be comprised of three distinct groups: (1) the "Local Applicants," which will be made up of Managing Member LLC and its owners, Neil Goldschmidt, Gerald Grinstein, and Tom Walsh;[7] (2) the "TPG Applicants," which will be comprised of two investment funds, TPG Partners III, L.P. and TPG Partners IV, L.P., managed by Texas Pacific Group ("TPG");[8] and (3) the "Passive Investors," which will include the Bill & Melinda Gates Foundation (the "Gates Foundation") and OCM Opportunities Fund III, L.P. ("OCM"). The Local Applicants, through Managing Member LLC, collectively will own approximately 0.4% of the economic interest in Oregon Electric and hold 95% of the voting

[6] The Stock Purchase Agreement between Oregon Electric and Enron is attached as Exhibit 6.

[7] Messrs. Goldschmidt, Grinstein and Walsh will own 100% of Managing Member LLC, which is the entity through which they will be making their investment in Oregon Electric. Because they will own and control Managing Member LLC, for ease of reading this Application, the term Local Applicants is used in reference to those individuals, unless otherwise specified.

[8] TPG is the name under which Tarrant Partners L.P. does business.

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control.[9] The TPG Applicants will own 79.9% of the economic interest in Oregon Electric and hold 5% of the voting control. The Passive Investors will own approximately 19.7% of the economic interest and hold no voting control. A chart of the ownership structure of Oregon Electric is attached as Exhibit 9.[10]

1. The Local Applicants

The Local Applicants have strong ties to Oregon and the region. They are: (1) former Oregon Governor Neil Goldschmidt; (2) Seattle native Gerald (Jerry) Grinstein, the former CEO of Burlington Northern, Inc., who has worked with Oregon governmental agencies on issues ranging from economic development to light rail transit; and (3) Tom Walsh, a Portland builder of affordable housing and the former General Manager of Tri-Met. The Local Applicants will play a critical role in the future of PGE if this transaction is approved—they will serve as members of the PGE Board of Directors, and Mr. Goldschmidt will serve as Chairman. As a further indication of their commitment to the success of PGE, the Local Applicants will collectively invest approximately $2.5 million in Oregon Electric. Detailed biographies of each of the Local Applicants are included in Exhibit 11. In brief, their backgrounds are as follows:

Neil Goldschmidt. Mr. Goldschmidt is a principal in Goldschmidt Imeson Carter, a Portland consulting firm focused primarily on strategic planning and problem solving for national and international businesses. Mr. Goldschmidt has extensive management experience in both the public and private sector and a long record of public service. Most recently, Mr. Goldschmidt was named to head the Oregon State Board of Higher Education. From 1987 to 1991, Mr. Goldschmidt served as Governor of the State of Oregon. While Governor, he led the "Oregon Comeback," a rebirth of economic vitality founded on the key principles of building

[9] The Local Applicants' voting control will be subject to certain consent rights to be held by the TPG Applicants. The list of consent rights is attached as Exhibit 7. If Congress repeals the Public Utility Holding Company Act ("PUHCA"), the voting interests to be held by the Local Applicants and the TPG Applicants in Oregon Electric will be adjusted to reflect their respective equity holdings. An explanation of PUHCA is set out in more detail in the testimony of Richard Schifter, attached as Exhibit 5.

[10] The Term Sheet for Oregon Electric is attached as Exhibit 10.

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new partnerships, targeting investments, leveraging resources, and raising expectations of what every region of the state could accomplish. In addition to his governorship, Mr. Goldschmidt has served as President of NIKE Canada, International Vice President of NIKE, and as a director on the boards of public and private companies, including National Semiconductor, Kaiser Foundation Health and Pacific Gas Transmission Company. Finally, he served as U.S. Secretary of Transportation under President Jimmy Carter from 1979 to 1981, and was elected Mayor of Portland in 1972 at age 32.

Jerry Grinstein. Mr. Grinstein is a principal of Madrona Investment Group, LLC, a Seattle-based investment company, and a strategic advisor to Madrona Venture Fund, a Seattle-based venture fund. In addition, he currently is Chief Executive Officer of Delta Air Lines, Inc. ("Delta") and a member of its Board of Directors. Jerry Grinstein previously served as non-executive Chairman of Delta from 1997 to 1999 and thereafter has remained on the board as a director. In 1985, he was elected to the Board of Directors of Burlington Northern, Inc. ("BNI"), where he served as Chief Executive Officer from 1989 to 1995. While at BNI, he oversaw the acquisition of Santa Fe Railroad, which created the nation's largest railroad. Mr. Grinstein also previously served as non-executive Chairman of the Board of Agilent Technologies from 1999 to 2002, and as Chief Executive Officer and Chairman of Western Airlines, Inc. Mr. Grinstein is President of the Board of Regents of the University of Washington, a member of the Henry M. Jackson Foundation, and serves on the boards of the Seattle Symphony and The Seattle Foundation. During his tenure at Western Airlines and BNI, Mr. Grinstein had extensive contacts with the City of Portland and the Port of Portland on issues ranging from economic development to export facilities. In 1994, Mr. Grinstein played a key role in arranging for Tri-Met to use railroad land for the Westside light rail expansion.

Tom Walsh. Mr. Walsh is a longtime citizen of Oregon and a business and civic leader in the areas of transportation, affordable housing, and environmental stewardship. Since 1999, Mr. Walsh has served as President of Tom Walsh & Co., a Portland builder of affordable

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housing. From 1991 to 1998, Mr. Walsh was General Manager of Tri-Met, a Portland regional transit agency with an annual operating budget of approximately $168 million and 2,000 employees. Mr. Walsh has served many prominent Oregon civic and environmental groups, including as Chairman of the Oregon Roads Finance Committee, Vice Chairman of the Oregon Transportation Commission, Chairman of the Glenn Jackson Scholars Program, Chairman of the Oregon Board of Forestry, and member of the Oregon Land Conservation & Development Commission. In 1991, he was appointed as Oregon's representative to the Endangered Species Committee for the spotted owl.

Each of the three individuals who are Local Applicants has demonstrated an uncommon dedication to the welfare of this region's citizens. They are committed to ensuring that PGE's ownership will be responsive and accountable to its customers and the citizens of this State.

2. The TPG Applicants

The TPG Applicants will collectively exercise 5% of the voting membership interests in Oregon Electric and therefore will become affiliated interests of PGE after the Proposed Transaction is completed.[11] Together, the TPG Applicants will provide approximately 79.9% of the equity capital necessary for Oregon Electric to acquire PGE.[12]

The TPG Applicants are private equity funds managed by TPG, which is one of America's leading private equity management firms. TPG manages investments on behalf of many of the country's largest public and private pension funds, university endowments, and other investors. For example, the Oregon Public Employees Retirement Fund ("OPERS") has invested with TPG since the firm's inception in 1993 and is the single largest investor in TPG-

[11] *See* ORS § 757.015 (defining "affiliated interest" to include entities in any chain of successive ownership of five percent or more of a utility's voting securities).

[12] The exact apportionment of investment between TPG Partners III, L.P. and TPG Partners IV, L.P. is not known at this time. It is possible that TPG Partners III, L.P. may end up not investing at all. However, as TPG Partners III, L.P. and TPG Partners IV, L.P. are both managed by TPG, this would not result in a substantive change to this Application.

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managed funds. As a result, pensioners in Oregon are among the people who will benefit from TPG's investments. A breakdown of investors in TPG Applicants is attached as Exhibit 12.

Essentially, TPG's role is to help its investors diversify their investment risks so that they are not investing solely in the public stock and bond markets. That in turn provides the pension funds and TPG's other investors with resources to meet their obligations to make promised payments to retirees and other beneficiaries.

TPG has significant experience in successfully investing in quality companies across a variety of industries, including airlines, financial services, technology, and healthcare. Its current portfolio consists of approximately 30 companies, which collectively employ approximately 250,000 employees and generated combined revenues of $36 billion in 2003. Further background on certain of TPG's investments and recent news articles on the firm are included in Exhibits 13 and 14, respectively. A list of companies in which the TPG Applicants have an ownership interest of 5% or more of the voting securities is attached as Exhibit 15.

Since its founding, TPG has established a reputation for investing in high quality businesses across many industries, some of which have temporarily been in troubled or transitional circumstances. TPG's capital and sponsorship, coupled with hard work and active Board involvement, have helped many such companies stabilize and improve their performance by refocusing on their core values and mission.

TPG is not a holding company or a conglomerate. Each of the companies in which it invests is separately capitalized, run by committed local management, and overseen by dedicated, top-quality boards of directors. Once TPG has acquired a business, its goal is to give that business the financial and organizational tools it needs to be successful. TPG typically focuses on improvements in customer service, product enhancements, sound capital investment, stable labor relations, and recruiting first-class board members to provide strategic advice. The nature of those initiatives is such that they are necessarily made over many years. Accordingly, TPG takes a long-term perspective in making its investments.

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The TPG Applicants will contribute to PGE directly by having two of TPG's principals on PGE's Board of Directors. Indirectly, the resources of TPG's other principals and professionals, as well as its informal network of advisory professionals, will be available to help the PGE Board at no cost to PGE. David Bonderman and Kelvin Davis will serve on PGE's Board. Detailed biographies of Messrs. Bonderman and Davis are included in Exhibit 16. In brief, their backgrounds are as follows:

David Bonderman. Mr. Bonderman is a founder of TPG and serves as a principal and general partner of the firm. Prior to forming TPG in 1993, Mr. Bonderman was Chief Operating Officer of the Robert M. Bass Group, Inc. ("RMBG," now doing business as Keystone, Inc.), the investment arm of the Robert Bass family that is located in Fort Worth, Texas. Prior to joining RMBG in 1983, Mr. Bonderman was a partner in the law firm of Arnold & Porter in Washington, D.C., where he specialized in corporate, securities, bankruptcy, and antitrust litigation. Mr. Bonderman has served on the boards of numerous public and private companies, including Continental Airlines, Washington Mutual Savings Bank, Denbury Resources, and Seagate Technology, among many others. He is a strong advocate of environmental causes and serves on the Boards of the Wilderness Society, the Grand Canyon Trust, the World Wildlife Fund, and the American Himalayan Foundation.

Kelvin Davis. Mr. Davis is a partner at TPG focusing on investments in the electric power sector and other general industries. Prior to joining TPG in 2000, Mr. Davis was President and Chief Operating Officer of Colony Capital, Inc., a private international real estate investment firm. He also has served as a principal of RMB Realty, Inc., the real estate investment vehicle of Robert M. Bass, and he has worked for Goldman, Sachs & Co., an investment bank, and the Trammell Crow Company, a real estate firm. Mr. Davis has served on the board of directors of two publicly traded companies and several private companies, including Kraton Polymers LLC, Hotwire, Inc., DS Waters, L.P., Crestline Hotels and Resorts, and Franchise Finance Corporation of America, among others. Mr. Davis is past Chairman and a

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current director of Los Angeles Team Mentoring, Inc., a charitable mentoring organization. He is also on the Board of Overseers at the Huntington Library, Art Collections and Botanical Gardens.

3. The Passive Investors

The Passive Investors will contribute approximately 19.6% of the equity that Oregon Electric requires to complete the Proposed Transaction, but they will not acquire any voting membership interest or seats on the Oregon Electric or PGE Board of Directors. Accordingly, they will not be affiliated interests of Oregon Electric or exercise substantial influence over the policies and actions of PGE. The Gates Foundation is a Seattle-based charity with an endowment of approximately $24 billion. The Gates Foundation makes grants to help improve health care in developing nations, to extend education and learning opportunities to the underserved in the United States, and to improve the quality of life for challenged families in the Pacific Northwest. Within Oregon and Washington, the Gates Foundation has made grants to non-profit organizations that provide assistance to at-risk populations through community grants, among other programs. In 2002, the Gates Foundation made grants of nearly $1 billion, including $122 million to charities in the Pacific Northwest. The Gates Foundation has committed more than $474 million to organizations and programs in the Pacific Northwest since its inception in 1994, including community grants as well as grants that support its small high schools initiative and its library program. The Gates Foundation's endowment is invested in a diversified portfolio, part of which is directed to making private investments. The Gates Foundation is a long-term investor, and its assets and the return on its assets are used solely to fund its operations and charitable activities and grants.

OCM is a private equity fund with in excess of $1 billion in committed capital that is managed by Oaktree Capital Management, LLC ("Oaktree"). Through its private equity funds, Oaktree makes long-term investments across a variety of sectors. In particular, Oaktree has made numerous prior private equity investments in the energy and power sector. Founded in

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1995, Oaktree is a private investment firm with over $27 billion committed to its management. OPERS has been an investor in Oaktree's various funds since 1995 and is an investor in the OCM Principals Opportunity Fund III, L.P. The Subscription Agreements between Oregon Electric and each of the Passive Investors are attached as Exhibit 17.

B. Applicants' Reasons for Investing in PGE

1. TPG Applicants

Since its founding in 1993, TPG has dedicated significant resources to understanding specific industries and the macroeconomic forces that affect them. In certain cases, TPG looks for industries benefiting from positive intermediate and long-term dynamics even though they may currently be experiencing tough times. Often, public market investors may not be anxious to invest in these types of industries, given the perception of near-term challenges. In recent years, one of the industries on which TPG has focused is the electric power industry. The uncertainty created by deregulation and the overhang of the 2000-2001 power market crisis generally have made companies in the industry unattractive to investors.

It was well known in the marketplace that Enron was interested in selling PGE, even prior to Enron's bankruptcy. Subsequent to the bankruptcy filing in December 2001, Enron retained Blackstone, a New York-based investment banking firm, to widely market several of Enron's most significant assets, including PGE. In the context of this very public and visible marketing campaign, TPG expressed interest in the utility and began discussions with Enron and PGE management in the fall of 2002. After almost a year of research and due diligence on PGE and extensive negotiations, TPG announced a definitive agreement to acquire the utility on November 18, 2003. Subsequently, the Bankruptcy Court conducted an overbid process in which anyone who wanted to purchase PGE was afforded an opportunity to submit a bid. None were submitted. On February 5, 2004, the Bankruptcy Court issued an approving order authorizing Enron to sell the PGE shares to Oregon Electric, (i) free and clear of Enron's

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creditors' claims and (ii) enjoining any person from interfering with the sale of PGE shares to Oregon Electric. A copy of the order is attached as Exhibit 18.

As part of its due diligence, TPG found that PGE is a fundamentally sound utility with talented and dedicated employees, a high-quality service territory, well-maintained generation assets, and a long track record of solid customer service. In spite of its strengths, however, PGE has been facing real challenges. First, the company has been weathering a difficult period in the industry. The unprecedented events in the power markets of the summers of 2000-2001 (and the fundamental challenges they represented) significantly increased energy costs and necessitated significant and abrupt increases in rates throughout the Western United States, which has had unfortunate implications for many of PGE's customers. Notwithstanding PGE's ability to pass through some of its power acquisition costs to customers, the utility's financial performance has been severely impacted by these industry conditions, many of which continue to persist. These difficulties have been compounded by a difficult economic environment in Oregon, which has suffered a more protracted decline than perhaps any other state.

Moreover, PGE has been facing significant challenges brought on by the Enron bankruptcy. With its corporate parent bankrupt and involved in complex legal proceedings, and with devastating losses to its employees' retirement funds, PGE's reputation has been tarnished and its management forced to grapple with issues far removed from PGE's core mission of generating, transmitting and distributing energy to its customers.

In spite of these substantial challenges, PGE has been able to continue to serve its customers, but it has done so amidst significant distractions. After serious consideration and analysis, TPG concluded that its institutional knowledge and expertise, coupled with a dedicated board of directors bringing long-term strategic guidance in collaboration with senior management, could help PGE meet future challenges. In particular, TPG determined that by removing PGE from the Enron estate and providing strong Board leadership, it could help PGE to better-position itself to weather the current turmoil in the industry and ultimately experience

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renewed growth and strength. Importantly, TPG determined that it could help PGE to achieve these goals only in conjunction with strong local leadership that would better understand the unique challenges facing PGE's customers and the region. This led to Neil Goldschmidt, Jerry Grinstein and Tom Walsh partnering with TPG to help lead PGE.

2. Local Applicants

While the Local Applicants have diverse backgrounds and experiences, they are all passionate about the welfare of the Pacific Northwest region and its citizens. Messrs. Goldschmidt, Grinstein and Walsh understand that a strong and healthy utility is critical not only to the customers of the utility, but also to the economic welfare of the state. It is for this reason that they have decided to personally invest in and help lead PGE.

First and foremost, they look forward to the opportunity as Board Chairman and directors to help management return PGE to a singular focus on its core business of providing safe, reliable and efficient electric service to its customers. Second, the Local Applicants view this as an opportunity to reinvigorate a spirit of partnership between the utility and its existing and potential business customers in order to foster economic growth in Oregon.

The Local Applicants believe that the combination of strong, local leadership and national relevant business expertise on the Board will lead to thoughtful strategic decision-making and long-term planning that will result in a stable, first-class utility providing safe, reliable and efficient electric service to its customers. When that goal has been achieved, they are confident that PGE's future will be assured.

C. <u>Description of the Transaction</u>

1. Acquisition of PGE by Oregon Electric

Oregon Electric will acquire 100% of the issued and outstanding common stock of PGE for a base purchase price of $1.25 billion. In addition, Oregon Electric will pay to Enron an amount equal to any change in retained earnings from January 1, 2003 through the closing date. It currently is estimated that total cash due Enron at closing will be approximately $1.4 billion.

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(a) Transaction Financing

Oregon Electric will need approximately $1.471 billion to fund the purchase price and fees and expenses associated with the transaction. Funds will be made available from a combination of equity capital, debt financing, and a dividend from PGE at the time of closing.

Equity. The Applicants and the Passive Investors have committed to invest approximately $525 million in equity in Oregon Electric, of which the TPG Applicants will provide approximately 79.9%. TPG currently has over $6 billion in committed capital that is available for investments such as this one. The Passive Investors will invest approximately $100 million. The Local Applicants have committed to invest, through Managing Member LLC, approximately $2.5 million and will meet this obligation from their own resources.

Debt. Credit Suisse First Boston ("CSFB"), a reputable investment bank with substantial experience in utility sector financings, together with other banks, will arrange for Oregon Electric to borrow approximately $582 million of senior secured term loan facilities ("Term Loans") with maturities ranging from 4 to 9 years; and approximately $125 million of senior unsecured notes (the "Notes"), which will have a 10-year term. In addition, Oregon Electric will arrange to put a $100 million revolving credit facility in place at Oregon Electric at close. The debt financing will be raised from a combination of public and private financial institutions.

TPG has raised over $30 billion of financing in the capital markets through its portfolio companies over the last ten years, and is confident that it will be able to raise the financing for Oregon Electric. In addition, Oregon Electric has obtained a Highly Confident Letter from CSFB. The Highly Confident Letter states that CSFB is:

- Highly confident of its ability to arrange a syndicate of lenders willing to provide the entire amount of the credit facilities. CSFB is prepared to continue discussions with Oregon Electric at the appropriate time regarding the terms and conditions upon which it could issue a formal commitment letter with respect to the credit facilities; and

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- Highly confident of its ability to arrange for the sale of the Notes through a private sale with customary registration rights and/or public offering.

The Highly Confident Letter as of November 18, 2003 is attached as Exhibit 19.

Subject to certain limitations, the Oregon Electric Term Loans will be secured by a priority lien on, and pledge of, the stock of PGE. It is important to note that even in the extremely unlikely instance whereby the lenders have the right to foreclosure under this pledge, that exercise would be subject to obtaining required regulatory approvals, including that of the Commission.

Dividend. A dividend from PGE to Oregon Electric in the amount of approximately $240 million will be an additional source of acquisition funds. PGE has a substantial cash position, in large part because it has not paid a cash dividend to Enron since 2001. As of December 31, 2003, PGE had cash on the balance sheet in the amount of $109 million and a common equity ratio of 55%. Based on current forecasts of net income and cash for 2004, PGE is expected to have approximately $250 million in cash on the balance sheet by December 31, 2004. At closing, PGE will dividend to Oregon Electric approximately $240 million to help fund the adjusted purchase price. This would leave a cash balance at PGE of approximately $10 million, which, in conjunction with the revolving bank loan facility available at PGE (discussed below), will provide ample liquidity for the company. Importantly, the common equity ratio at PGE will remain in excess of the OPUC minimum of 48% common equity ratio after this dividend is made.

A financial overview showing the sources and uses of the transaction and the estimated capitalization for Oregon Electric and PGE can be found at Exhibit 20.

(b) Impact of Financing on PGE

Oregon Electric's total capitalization at closing on a stand-alone basis is estimated to be approximately $1.232 billion, comprised of $525 million of equity and $707 million of funded

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debt for a pro forma debt to total capitalization ratio of 57%. The capitalization of PGE will remain above the 48% common equity ratio required by this Commission.

Oregon Electric's source for servicing its acquisition debt will be the dividends from PGE. Based upon forecasts completed by Applicants, PGE will be able to pay approximately $80 to $100 million of annual dividends to Oregon Electric. These forecasts incorporate budgeted capital expenditures to support reinvestment in PGE infrastructure as well as budgeted operations and maintenance expenses. This will translate into over $250 million of paydown of debt principal over the first five years after closing (*i.e.,* 2005 through 2009). In the event of a timing difference between receipt of dividends from PGE and debt service obligation under the Term Loans and Notes, Oregon Electric will have a $100 million senior secured revolving credit facility ("Revolver") available. The Revolver will be largely undrawn at the closing of the purchase, but subsequently would be available for liquidity purposes, such as bridging possible timing differences between cash disbursements (*e.g.*, debt service obligations) and cash receipts (*i.e.*, dividends from PGE). The Revolver will be secured by a pledge of PGE stock in the same manner the Term Loans will be secured. Oregon Electric does not intend to pay dividends to its members. Rather, dividends from PGE to Oregon Electric will be used to service and pay down Oregon Electric's debt.

Forecasts indicate that at closing PGE will have a common equity ratio that is higher than the minimum capital equity ratio of 48% approved by the Commission. The Applicants assumed that PGE would continue to be regulated at a pro forma common equity ratio of 48% for purposes of determining the cash dividends to its parent company. The Applicants assumed that PGE maintains a minimum $10 million cash balance, as well as a constant debt capital structure (*i.e.*, PGE will refinance any maturing debt). The combination of a starting pro forma common equity ratio of approximately 49% and those assumptions yields a projected common equity ratio that remains above 48% throughout the forecast period.

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PGE's long-term debt and preferred securities will remain in place. The utility's $150 million revolving credit facility will be refinanced with a new unsecured $250 million Revolver. Because PGE's Revolver is expected to have a term that is longer than one year, the Commission will be asked to approve this facility concurrent with change of ownership.[13] Oregon Electric intends to manage short-term cash requirements at PGE in much the same manner as those requirements are currently managed.

No assets of PGE will be pledged to secure loans of Oregon Electric. To be perfectly clear—the utility itself will not be responsible for those debts, and its assets will not be pledged as part of the financing of the purchase, but the stock of PGE held by Oregon Electric will be pledged to secure the loans. Oregon Electric expects PGE's corporate credit rating to remain investment grade.

2. Oregon Electric's Plan

As stated in the Introduction, Oregon Electric's plan is simple and straightforward: make PGE's core business of providing safe, reliable and efficient electric service to its customers its sole focus. By helping to guide PGE through a difficult and challenging period in the electric industry, Oregon Electric will help prepare PGE for a renewed period of stability and health. The following sections discuss Oregon Electric's intentions with respect to the board of directors, executive management, and specific operational commitments.

(a) Board of Directors

Upon completion of the Proposed Transaction, all current members of PGE's Board of Directors will resign and a new board of directors will assume leadership. The Board will include between 10 and 14 individuals. These individuals will bring firsthand knowledge and a keen understanding of the current and potential needs and concerns of the consumers of electricity in the State of Oregon, as well as a thorough understanding of the challenges facing

[13] It has been agreed between Oregon Electric and Enron that PGE will make a separate application to the Commission seeking authorization to approve the Revolver amount. This is not a condition to closing.

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the region and the issues of importance to Oregon's citizens. Additionally, the new board members will bring strong business expertise and insight that will allow the Board to provide strategic guidance, including long-term resource planning and prudent oversight. A board of directors consisting of individuals who possess these qualifications will ensure that the Board serves the needs of the company and its customers.

As discussed above, Neil Goldschmidt will become Chairman of the Board and Jerry Grinstein and Tom Walsh will be Board members. Two of TPG's partners, David Bonderman and Kelvin Davis, will also join the Board. The balance of the Board will include PGE's Chief Executive Officer, other prominent Oregonians, national business leaders, and energy industry executives. The Board always will include at least five members with Oregon backgrounds. A diagram of the proposed Board structure for PGE is included in Exhibit 21.

(b) PGE's Management

Oregon Electric believes that PGE is a well-run company, benefiting from the significant tenure of its executive team and the dedication of its 2,700 employees. It is expected that Peggy Fowler, PGE's Chief Executive Officer, and other members of executive management will retain their positions after the closing of the Proposed Transaction. Consistent with customary corporate governance practices, subsequent to the closing of the Proposed Transaction and formation of PGE's new board of directors, the Board will be responsible for all decisions regarding the retention of executive management.

(c) Customer Service

PGE has a strong record of success in customer service, receiving high marks from customers for the value of customer service that exceed the national and regional averages. Oregon Electric admires PGE's achievements in this area and is committed to maintaining PGE's record and utilizing TPG's existing strengths to improve it where possible.

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(d) Safety

Oregon Electric understands the critical importance of community, employee and public safety and is committed to continuing PGE's record in this regard. Oregon Electric notes that both PGE's Boardman and Coyote Springs generating plants have received the SHARP award and demonstrate success in employee safety initiatives.

(e) System Operations and Investment

Oregon Electric pledges to maintain and enhance PGE's excellent record in this area. PGE's record in system operations is among the best in Oregon. PGE has consistently exceeded the distribution and transmission benchmarks set for it in the safety and service quality program the Commission adopted as part of approving the merger with Enron in 1997. Customers of all classes give PGE high marks for service restoration and attention to service quality, which is of particular importance to a growing number of businesses. The operating records of PGE's generating plants are also excellent. PGE has continued to invest in all parts of its system, upgrading its generating plants and its distribution and transmission network. PGE has solid practices for planning, designing, operating, and maintaining its system.

(f) Energy Efficiency, Renewable Resources, and the Environment

Oregon Electric believes that PGE has a good record in all of these areas. Under the direction of Oregon Electric, PGE will continue to support the efforts of the Energy Trust of Oregon to invest wisely in energy efficiency and renewable resources. PGE will also maintain its focus on meeting all applicable environmental standards. Oregon Electric, through the leadership of its Board, looks forward to enhancing PGE's performance in environmental, energy efficiency, and renewable resource areas.

(g) Restructuring

Oregon Electric will continue PGE's efforts to facilitate the development of direct access in Oregon, subject to the restrictions placed by the Legislature in SB 1149 and SB 3633. Oregon Electric believes that additional customer choices contribute to a strong local economy.

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(h) Taxes

Oregon Electric will file taxes on a consolidated basis with PGE. Unlike Enron, Oregon Electric will pay taxes in Oregon.

(i) Rates

The transaction does not require PGE to make any changes in rates.

(j) Regulatory Affairs

Oregon Electric is very mindful of the important relationship between a regulatory body and the utilities it regulates. For this reason, Oregon Electric will place particular emphasis on maintaining and enhancing the relationship between this Commission and PGE.

IV. DISCUSSION

The Proposed Transaction will serve PGE's customers in the public interest in a manner that meets and exceeds the standard set forth for approval at ORS § 757.511.

A. Legal Standard for Approval

Oregon law requires the Commission to approve the Proposed Transaction if Oregon Electric shows that doing so "will serve the public utility's customers in the public interest."[14] The Commission has interpreted that directive to require a two-step assessment of whether the Proposed Transaction will (1) provide a net benefit to the utility's customers, and (2) impose "no harm" to the public at large.

The term "net benefit" derives from the Commission's interpretation of the statutory requirement that the transaction "serve" the public interest. The Commission has concluded that the term "serve" means that the transaction must be "more than neutral" with respect to the utility's customers. In other words, providing a "net benefit" simply means that the transaction must result in some tangible benefit—it must "promote the interests" or "be of use" to the customers. Such an interpretation was advocated by Staff in UM 1011.[15]

[14] ORS § 757.511(3).

[15] Order 01-778.

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Importantly, the "net benefit" standard is not restricted to purely economic considerations, but incorporates the "total set of concerns" presented by a specific Application. Similarly, a showing of "no harm" need not be reduced to monetary terms. In short, the Commission has stated that each transaction must be assessed on a case-by-case basis and there is no requirement that benefits must come in monetary terms.[16]

B. Benefits to PGE's Customers

The Proposed Transaction offers significant, tangible benefits to PGE customers and the public at large. These benefits include ownership certainty, a strong local voice, a board making thoughtful decisions about strategic direction, long-term resource planning, ongoing investment in the business. Taken as a whole, these benefits exceed the statutory standard set forth in ORS § 757.511 and provide ample reason for this Commission to find that the Proposed Transaction serves PGE's customers in the public interest.

1. Unified, Certain, and Stable Ownership

The Enron bankruptcy has left PGE with legal liabilities, management distractions, and an uncertain ownership outlook. The Proposed Transaction will bring an emphatic and expedient end to this uncertainty. This certain and stable ownership of the Applicants will benefit PGE's customers and the public at large. Electricity is a crucial service, and a stable, successful utility is an attractive regional asset that will help draw businesses and jobs to Oregon. In addition, PGE's headquarters will stay in Portland, jobs will stay in Oregon, and the company will continue its charitable leadership in the community.

2. Local Participation on the Board

Oregon Electric will appoint a board of directors that will include substantial representation by prominent local citizens. The proposed Chairman of PGE's Board of Directors is a dedicated Oregonian who is knowledgeable about and sensitive to the critical issues facing this State. The Local Applicants, who have a long history of public service and commitment to

[16] *Id.*

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public causes, will ensure that PGE's new board of directors is aware of and responsive to the concerns and needs of its customers. Additionally, Oregon Electric pledges that PGE's Board will always be Oregon-focused, with a minimum of five Oregonians on the Board at any one time. Finally, as a further indication of its local commitment, Oregon Electric pledges to continue PGE's strong tradition of philanthropy.

3. Experience in Helping Companies Through Transitions

TPG Applicants bring to this transaction considerable skill and expertise in helping companies to manage difficult transitions and challenging industry circumstances, while planning prudently to meet long-term needs. They will provide invaluable experience and expertise to help PGE management navigate the present industry turmoil. Local Applicants will bring additional management expertise, as well as their own perspective, sensitivity, and deep-seated commitments to Oregon.

4. Long-Term Planning to Secure Resources on a Cost-Effective Basis

Through the considerable resources of its first-class board members, Oregon Electric will be able to make the best possible decisions regarding long-term planning. Long-term planning is one of the most critical decisions a corporate board makes. It is particularly important here, given PGE's projected long-term gap between generation resources and demand. PGE's management has been working diligently on these issues and will benefit from the guidance and direction of a strong board in making critical decisions that will impact rates over time.

5. Reinvestment in the Business

Under the guidance of the new board, Applicants will actively reinvest capital in PGE through the maintenance and enhancement of existing assets and the acquisition and development of new resources. As previously noted, dividend forecasts incorporate budgeted capital expenditures and operation and maintenance expenses. The revenue that Oregon Electric receives from PGE generally will be used to service and pay down debt and to pay federal and Oregon state taxes. As a further indication of its commitment to reinvest in the business, Oregon

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Electric will use excess cash to reduce leverage. The members of Oregon Electric do not plan to take dividend payments.

6. Simplicity and Transparency

The Proposed Transaction is simple and straightforward. Oregon Electric is not a utility or a conglomerate that intends to integrate PGE into its other operating businesses. Unlike the Enron/PGE merger (UM 814), in this case Oregon Electric is not absorbing any PGE activities (*i.e.*, the PGE trading floor) for which PGE customers may be entitled to compensation, and Oregon Electric is not positioned to use PGE's utility experience to further a competitive agenda or to advance the business of affiliates. Similarly, unlike the Scottish Power/PacifiCorp merger (UM 918), and the proposed Sierra Pacific/PGE merger (UM 967), Oregon Electric neither owns nor operates any other utilities. This transaction will result in a separately capitalized and managed entity. Oregon Electric does not own or operate other utilities and therefore presents no threat of cross-subsidization or affiliate abuses. Moreover, PGE has paid Enron over $1 million per year for corporate services. Oregon Electric does not intend to allocate any of its expenses to PGE, which will streamline the review process for the Commission now and in the future. Taken as a whole, the Proposed Transaction will allow the Commission to monitor PGE and Oregon Electric in an open and direct manner.

V. CONCLUSION

The Applicants have chosen to invest in PGE because they believe in the future of PGE, the future of the electric industry, and the future of Oregon. Applicants' investment ultimately will be successful only if PGE is successful. PGE's success is dependent on providing safe, reliable and cost-effective energy to its customers. Thus the Applicants' interests are aligned with those of PGE's customers. The Proposed Transaction provides significant benefits to PGE customers and will serve those customers in the public interest. [17]

[17] *Id.*

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Wherefore, Oregon Electric respectfully requests that the Commission enter an Order authorizing the Applicants to acquire the power to exercise substantial influence over the policies and actions of PGE and granting such other approvals as may be necessary or appropriate.

RESPECTFULLY SUBMITTED this 8th day of March, 2004.

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Attorney for Applicants

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company

APPENDIX A

APPLICATION CHECKLIST

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APPENDIX A

APPLICATION CHECKLIST

1. ORS 757.511(2)(a): Identity and Financial Ability of Applicants

For a discussion of the identity of the Applicants and their financial ability to acquire PGE see Sections III.A and III.C.1 of the Application and Exhibits 2, 3, 9, 11, 16, and 20.

2. ORS 757.511(2)(b): Background of Key Oregon Electric Personnel

For a discussion of the background of key Oregon Electric Personnel, see Section III.A of the Application and Exhibits 2, 11, and 16.

3. ORS 757.511(2)(c): Source and Amounts of Funds

For a discussion of the source and amount of funds that the Applicants will use to acquire PGE, see Section III.C.1 of the Application and Exhibits 3 and 20.

4. ORS 757.511(2)(d): Compliance with Federal Law

In conjunction with this Application, Oregon Electric and TPG will seek approvals from all necessary federal agencies, including the Federal Energy Regulatory Commission ("FERC"), the Securities Exchange Commission ("SEC"), the Nuclear Regulatory Commission ("NRC"), the Federal Trade Commission ("FTC"), and the United States Department of Justice ("DOJ"). For a discussion of the Applicants' compliance with federal law in carrying out the acquisition, see the Direct Testimony of Richard Schifter, attached as Exhibit 5.

5. ORS 757.511(2)(e): Disclosure of Statutory Violations

Neither Oregon Electric, TPG, nor any of their key personnel have violated any state or federal statute regulating the activities of public utilities. See Exhibit 3.

6. ORS 757.511(2)(f): Transaction Documents

The principal documents associated with the proposed transaction are: (1) Stock Purchase Agreement between Oregon Electric Utility Company, LLC and Enron Corp.; (2) Term Sheet – Oregon Electric Utility Company, LLC; and (3) Subscription Agreement –

Oregon Electric Utility Company, LLC. These documents are attached to this Application as Exhibits 6, 10, and 17, respectively.

7. ORS 757.511(2)(g): Applicants' Utility Experience

Applicants have not previously directly managed a utility. However, Applicants have experience working in various industries, and as managers and board members for other large organizations. For a discussion of Applicants' applicable experience, see Sections III.A and III.B of the Application and Exhibits 2, 3, 7, 11, 14, and 16.

8. ORS 757.511(2)(h): Oregon Electric's Plan for Operation

For a discussion of Oregon Electric's plan for operating PGE, see Section III.C.2 of the Application and Exhibit 21.

9. ORS 757.511(2)(i): The Public Interest and Customer Benefits

For a discussion of the public interest and customer benefits provided by the Proposed Transaction, see Section IV.B of the Application and Exhibits 2, 3, and 4.

10. ORS 757.511(2)(j): Other Information Required by Rule

a. OAR 860-027-0200(1): General Information

The general information required by this section (applicant name, address, state of incorporation, etc.) is set out in Exhibit 1.

b. OAR 860-027-0200(2): Capital Structure

A schedule detailing the existing capital structure of PGE as well as a pro forma utility capital structure as of 12 months after the Proposed Transaction is to be completed is set out in Exhibit 20.

c. OAR 860-027-0200(3): Bond Ratings and Capital Costs

For a discussion of the bond ratings and capital costs associated with the Proposed Transaction, see Section III.C.1 of the Application and Exhibits 3 and 20.

d. OAR 860-027-0200(4): Affiliated Interests and Organization

As a result of the Proposed Transaction, Oregon Electric would become the sole shareholder of PGE and, therefore, an affiliated interest of that utility under

ORS § 757.015. The TPG Applicants also will qualify as an affiliated interest because collectively they will own 5% of PGE's voting securities. The TPG Applicants invest in a variety of non-utility businesses. A description of existing and planned nonutility businesses which are or will become affiliated interests of the acquired utility under ORS § 757.015 is included in Exhibit 15. For a description of the organizational structure under which the Applicants intend to operate their business, see the discussion in Sections III.A and III.C.2 of the Application and Exhibit 3.

e. OAR 860-027-0200(5): Allocations

Oregon Electric will not allocate any expenses to PGE.

f. OAR 860-027-0200(6): Planned Changes

Oregon Electric plans no changes that may have a significant impact upon the policy, management, operations, or rates of the electrical utility. However, repeal of the Public Utility Holding Company Act (PUHCA) will change the voting structure of Oregon Electric. For a discussion of PUHCA, see Exhibit 5.

g. OAR 860-027-0200(7): Plans to Sell Assets

Applicants have no plans to sell, exchange, pledge, or otherwise transfer any of PGE's assets.

h. OAR 860-027-0200(8): Affiliated Interest Contracts

There are no existing or planned contracts between or among PGE and the TPG Applicants or their affiliates.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

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EXHIBIT 1

NOTICE LIST

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EXHIBIT 1

APPLICANT INFORMATION AND CONTACT LIST

1. OREGON ELECTRIC AND NEIL GOLDSCHMIDT, GERALD GRINSTEIN AND TOM WALSH, LOCAL APPLICANTS

Principal Business Address:

Oregon Electric Utility Company, LLC
222 SW Columbia
Suite 1850
Portland, Oregon 97201
Telephone: (503) 226-8600

State/Date of Incorporation: November 17, 2003

States in Which Authorized to Conduct Business as a Utility: None

Principal Officers:

Neil Goldschmidt
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Suite 1850
Portland, OR 97201
Phone: (503) 221-2012
Fax: (503) 221-2101

Gerald Grinstein
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Suite 3700
Seattle, WA 98104
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Tom Walsh
1100 NW Glisan
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Portland, OR 97209
Phone: (503) 973-5001
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Persons Authorized to Receive Notices and Communications on behalf of Oregon Electric:

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2. TEXAS PACIFIC GROUP

Principal Business Address:

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TPG Partners IV, L.P.
301 Commerce Street
Suite 3300
Fort Worth, TX 76102

Persons Authorized to Receive Notices and Communications on behalf of Texas Pacific Group:

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Fax: (212) 225-3999

Carrie Wheeler
Texas Pacific Group
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San Francisco, CA 94104
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3. PORTLAND GENERAL ELECTRIC

Principal Business Address:

Portland General Electric Company
121 SW Salmon Street
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Persons Authorized to Receive Notices and Communications on behalf of Portland General Electric:

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Pamela Lesh
Vice President
Regulatory & Strategic Planning
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4. ENRON CORP.

Principal Business Address:

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Persons Authorized to Receive Notices and Communications on behalf of Enron:

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company

EXHIBIT 2

DIRECT TESTIMONY
OF
LOCAL APPLICANT PANEL
ON BEHALF OF THE APPLICANTS

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I. INTRODUCTION

Q. Please identify each person on the Local Applicant Panel.

A. The Local Applicant Panel is comprised of Neil Goldschmidt, Gerald Grinstein, and Tom Walsh. We are providing this testimony as a group.

Q. Who is your present employer, and what is your position with that employer?

A. Neil Goldschmidt is a principal in Goldschmidt Imeson Carter, a small consulting firm located at 222 S.W. Columbia, Suite 1850, Portland, Oregon 97201-6618.

Gerald Grinstein is a principal of Madrona Investment Group and Chief Executive Officer of Delta Airlines. Madrona is located at 1000 Second Avenue, Suite 3700, Seattle, WA 98104, and Delta Airlines is located at 1050 Delta Blvd., Dept. 940, Atlanta, GA 30320.

Tom Walsh is President of Tom Walsh & Company, located at 1100 NW Glisan, Suite 300, Portland, OR 97209.

Q. Please describe your connections to Oregon Electric Utility Company, LLC ("Oregon Electric"), the other Applicants, and PGE.

A. Each of us will be an investor in and a managing member of Managing Member LLC. Managing Member LLC, in turn, will invest in Oregon Electric, the limited liability company that will purchase the common shares of PGE. If the Commission approves this Application, Oregon Electric will appoint the Board of Directors of PGE. Oregon Electric has determined that it will appoint Neil Goldschmidt as Chairman of the Board of PGE, and Messrs. Grinstein and Walsh will be Board members.

Q. Please describe your professional experience and education as it relates to your testimony in this matter.

A. Our detailed biographies are included as Exhibit 11 to the Application. In brief, our professional experiences and education are as follows:

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Neil Goldschmidt: I have been a principal in Goldschmidt Imeson Carter, a Portland, Oregon consulting firm, since 1991. Our consulting firm is focused primarily on strategic planning and problem solving for national and international businesses. I have extensive management experience in both the public and private sector. I have a long record of public service in Oregon and at a national level. Most recently, I was appointed to head the Oregon State Board of Higher Education.

From 1987 to 1991, I served as Governor of the State of Oregon. While Governor, I led the "Oregon Comeback," a rebirth of economic vitality founded on the key principles of building new partnerships, targeting investments, leveraging resources, and raising expectations of what every region of the State could accomplish. Prior to my governorship, I served as President of NIKE Canada and International Vice President of NIKE. I served as director on the boards of private and public companies, including National Semiconductor, Pacific Gas Transmission Company, and Kaiser Foundation Health. I also served as U.S. Secretary of Transportation under President Jimmy Carter and as Mayor of Portland.

Since leaving office, in addition to my work at Goldschmidt Imeson Carter, I have served as Chair of the Oregon Children's Foundation ("SMART") and on the boards of the Park Blocks Foundation, the Oregon Ballet Theatre, and the Oregon Health & Science University. I am also a member of the National Fish and Wildlife Foundation Board.

I attended the University of Oregon for my undergraduate work and earned a law degree from the University of California's Boalt Law School.

Jerry Grinstein: I am a principal of Madrona Investment Group, LLC, a Seattle-based investment company, and a strategic advisor to Madrona Venture Fund, a Seattle-

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based venture capital fund. In addition, I am currently the Chief Executive Officer and a member of the Board of Directors of Delta Air Lines, Inc. ("Delta").

I previously served as non-executive Chairman of the Board of Directors of Delta from 1997 to 1999 and thereafter remained on the Board as a director. In 1985, I was elected to the Board of Directors of Burlington Northern, Inc. ("BNI"), and subsequently served as its Chief Executive Officer from 1989 to 1995. While at BNI, I oversaw the acquisition of Santa Fe Railroad, which created the nation's largest railroad. I also served as non-executive Chairman of the Board of Agilent Technologies from 1999 to 2002.

I am President of the Board of Regents of the University of Washington, a member of the Henry M. Jackson Foundation, and serve on the boards of the Seattle Symphony and the Seattle Foundation. I also have been active in the Portland community from time to time. For example, in the mid-1990s, I played a key role in negotiating with Tri-Met and the Union Pacific and Southern Pacific Railroads to facilitate the transaction that allowed Tri-Met to use BNI land for the Westside light rail expansion.

I graduated from Yale College in 1954 and Harvard Law School in 1957.

Tom Walsh: I am a long-time citizen of the State of Oregon. I have been a very active business and civic leader in the areas of transportation, affordable housing, and environmental stewardship. Since 1999, I have served as President of Tom Walsh & Co., a Portland builder of affordable housing.

From 1991 to 1998, I was General Manager of Tri-Met, the Portland regional transit agency with an annual operating budget of approximately $168 million and 2,000 employees. From 1960 to 1990, I worked for Walsh Construction Co., a company that I co-founded. I also have served as Chairman of the Oregon Roads Finance Committee, Vice Chairman of the Oregon Transportation Commission, Chairman of the Oregon

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Board of Forestry, a member of the Oregon Land Conservation and Development Committee, and Chairman of the Glenn Jackson Scholars Program.

I have a B.S. in Engineering from Stanford University.

Q. Have any of you ever testified before this Commission?

A. No.

Q. On whose behalf was this testimony prepared?

A. This testimony was prepared by and is offered on behalf of Oregon Electric and the Local Applicants.

II. PURPOSE

Q. What is the purpose of your testimony?

A. We will explain our proposed roles in the acquisition and the ongoing governance of PGE. We also will explain why we believe the proposed acquisition will provide benefits for PGE customers and Oregonians generally and will therefore further the public interest.

We want to be clear at the outset of this testimony: we are involved in this venture because we believe a strong PGE focused solely on the business of generation, transmission, and distribution of power for the benefit of its customers is essential to the economy of Oregon. We believe that through the combination of certainty of ownership, a strong local voice on the Board of Directors, our participation, and the expertise and experience of TPG and other national business executives on the Board, we will be able to help PGE's management maintain a singular focus and help PGE realize its highest potential for service to its customers and community.

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III. OREGON ELECTRIC AND PGE

Q. Please describe your proposed investment and participation in Oregon Electric and PGE.

A. Collectively, we will invest approximately $2.5 million from our personal funds. We will make this investment through Managing Member LLC, an Oregon limited liability company created for the purpose of making this investment. We will have 100% equity ownership and voting control of Managing Member LLC. Managing Member LLC will then invest approximately $2.5 million in Oregon Electric, or about 0.5% of the total equity capital in Oregon Electric, and will hold 95% of the voting securities in Oregon Electric. That voting control will be subject to certain consent rights of the TPG Applicants, who will be investing approximately 79.9% of the equity capital in Oregon Electric. The percentage of voting securities held by Managing Member LLC would be reduced if the Public Utility Holding Company Act ("PUHCA") is repealed, as more fully explained in the testimony of Kelvin Davis. We will sit on the Boards of Oregon Electric and PGE.

Q. Please describe the proposed relationship between Oregon Electric and PGE.

A. Oregon Electric will have the right to appoint the members of the Board of Directors for PGE. Selection of the PGE Board members is, in our view, critical to the future of PGE.

Q. Why is the make-up of the Board of Directors of PGE critical to its future?

A. It is a very important aspect of this transaction. It signals a sea-change event in terms of how the PGE Board will be constituted and will govern. Currently there is no local representation on the PGE Board, with the exception of the CEO. Indeed, over the past several years, except for PGE executives, the Board members have been exclusively executives in the Enron organization or members of Enron's Board.

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In stark contrast, the new Board will have directors with substantial credentials in Oregon's community and business circles—Board members who are knowledgeable about and accountable to PGE's customers and the citizens of the State. The Board always will include at least five Oregonians. Oregon Electric intends to align the interests of the company and its shareholders with those of its customers, as underscored by this strong local representation. Similarly, in contrast to the past, our investment partners (the TPG Applicants) will be able to help us attract to the Board high-quality national business executives who are not merely employees or board members of a parent company. These individuals will bring to the Board relevant utility management experience and broad-based business sophistication.

The Board's most important role will be to provide strategic input and direction for PGE. In addition, the PGE Board will provide oversight and advice to the company's executive management and perform the other usual duties of a board, such as approving annual budgets, dealing with matters related to capital structure and long-term resource planning, and overseeing the company's financial affairs. With a strong local contingent on the Board and the expertise and experience of other Board members, we believe we will be in a strong position to set a steady course for the utility for the foreseeable future.

Q. How many members will be on PGE's Board of Directors?

A. We expect that the Board will have between ten and fourteen members.

Q. What role will you play in governing PGE?

A. Mr. Goldschmidt will serve as Chairman of the Board, and Messrs. Grinstein and Walsh will be Board members. Mr. Goldschmidt's strong leadership will prove a valuable asset in helping to guide the company through this time of transition. Each of us is eminently qualified to voice the concerns of local businesses and other customers. Mr. Goldschmidt, as a former Governor, is acutely aware of the role electric service plays

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in the Oregon economy. Mr. Grinstein, a highly successful civic and business leader in the Pacific Northwest, understands the importance of quality electric service to high technology and other businesses and, as an airline executive, is very attuned to the priority of meeting customer needs. Mr. Walsh, as a developer and construction contractor, knows first-hand about the impact of cost and quality of electric service on local businesses.

Q. Who will be the other PGE Board members?

A. TPG's founder, David Bonderman, and Kelvin Davis, a partner of TPG who is offering testimony in support of this application, will serve on the PGE Board. Mr. Bonderman has extensive experience serving on the boards of large companies. He has served, for example, on the boards of Continental Airlines, Washington Mutual Savings Bank, Denbury Resources, and Seagate Technology, among others. Mr. Davis also has served on boards of public and private companies, including Kraton Polymers LLC, Hotwire, Inc., DS Waters, Inc., and Franchise Financial Corporation of America. Additional information on the background and experience of Messrs. Bonderman and Davis are attached to the Application as Exhibit 16.

PGE's CEO will also be a Board member. The remaining Board members have not been identified. However, we intend to fill these seats with individuals who will bring a combination of local representation, strong business experience, and industry expertise. To that end, we are approaching national business leaders, some of the Northwest's most talented and dedicated business people, and experts in the energy and utility sectors. Oregon Electric is committed to having at least five Oregonians on the PGE Board at all times. We will notify the Commission as additional PGE Board members are identified.

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Q. Why are you participating in this transaction?

A. First and foremost, as involved business and civic leaders, we are passionate about the welfare of the Pacific Northwest region and its citizens. For that reason, we have watched with concern as PGE grappled with a crisis in the electric industry while at the same time facing the substantial challenges brought on by Enron's bankruptcy and a sluggish local economy. We welcome the opportunity to help lead PGE as it focuses solely on its core business of providing safe, reliable and efficient electric service to its customers.

We also view our involvement as an opportunity to usher in an era of renewed partnership between PGE and its existing and potential business customers and the leadership of the State to foster economic growth in Oregon.

Q. What is your goal?

A. We believe that unified ownership and strong, focused, local, and expert Board leadership, combined with a renewed sense of partnership with PGE customers, will result in a first-class utility focused only on delivering safe and reliable electricity at affordable rates to its customers in Oregon. Once that goal is achieved, we will consider this venture a success. If the investors decide to sell their stake in PGE, whether through an initial public offering (our preferred choice) or otherwise, we will rest easy knowing that the Commission will measure the benefits of any such future sale against the level of existing excellence that PGE will have achieved on our watch.

Q. Does Oregon Electric intend to acquire other utilities, electric generation or transmission assets, or gas pipelines?

A. No. Oregon Electric has no intent to own any businesses other than PGE.

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III. PUBLIC INTEREST

Q. Do you believe this transaction is in the public interest?

A. Yes. The public clearly stands to benefit from this transaction.

Q. Why do you believe this transaction is in the public interest?

A. An analysis of the benefits of this transaction must start with a review of the current circumstances. The electric industry in general is undergoing a period of substantial change. The recession in the national economy, a regional energy crisis prompted by events in California, and a general push towards restructuring and deregulation across the country, have created uncertainty in the electric industry and thrown it into an overall state of flux. In addition to the upheaval in the electric industry, PGE is experiencing uncertainty as one of the few profitable assets of Enron, which is in bankruptcy. All of us are driven by a belief that with the combination of TPG's resources and our experienced leadership, PGE will be able to meet these challenges and experience renewed growth. We believe that this transaction offers Oregonians the benefit of knowing they will be well represented on the Board and their utility will be focused solely on serving its customers. We are determined to see PGE through this period of change and ultimately help it to become an even stronger utility.

Q. How will Oregon Electric's involvement improve this situation?

A. We think that Oregon Electric offers PGE an opportunity for a particularly successful partnership. The TPG Applicants have a distinguished record of investing in companies with sound fundamentals, some of which are in transitional circumstances, and helping those companies find new ways to succeed in changing markets. This experience will be valuable in helping PGE manage the challenges it faces. We complement TPG's strengths by bringing an Oregon perspective to the leadership of PGE's Board and ensuring sensitivity to customers and community concerns based on our decades of

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experience in local politics and corporate governance. Finally, PGE's own experienced management will assure continuity in operations while the new Board seeks ways to assist the company in meeting the challenges that lie ahead.

Q. What do you mean when you say that you will bring an "Oregon perspective" to PGE?

A. Each of us is passionate about bringing benefits to Oregon and its citizens. For example, Neil Goldschmidt's experience in regional and statewide politics gives him an understanding of the unique economic and cultural characteristics of Oregon and Oregonians. You can be assured that whenever possible, he will see to it that PGE focuses on the communities it serves. Importantly, as Governor, his "Oregon Comeback" initiative was a model of government and business partnering to spur economic growth. He is committed to fostering similar relationships between PGE and its customers.

Mr. Grinstein has an understanding of local needs as well. He has been active in transportation and development issues in Portland for many years. Without Mr. Grinstein's leadership and cooperation while Chief Executive Officer of BNI, Tri-Met would not have acquired a right of way for its Westside light rail transit in Portland. He has a proven record of using his business skills to accomplish the dual goal of helping Oregon and meeting business objectives.

Mr. Walsh brings a business and conservation perspective to the Board. He is in a rare position to understand the drivers of growth and development in the Portland-Metro Region, which are key factors for the operation of a public utility. His service in conservation-related activities gives him insight into regional environmental issues and the need to preserve the diverse ecosystems that are impacted by electric production, transmission, and distribution. Mr. Walsh's work in both the private and public sectors

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gives him an appreciation for how important it is for business to develop strong relationships with government and, in particular, with regulators.

When Oregon Electric appoints the remainder of the new PGE Board of Directors, it will strive to preserve an Oregon focus. As members of that Board, we plan to meet with representatives of various interests groups throughout the State to determine the characteristics they believe are important for the leadership of PGE. It then will be the job of the Board to help move that vision forward. We will personally work to ensure that the Board is actively involved and provides direction to the management of the utility.

Q. How will your background and experience enhance your ability to help lead PGE?

A. Our intimate understanding of local issues will help us direct PGE in a manner that is appropriately responsive to the needs of its customers and the communities it serves. In addition, each of us possess experience in corporate governance at the highest level and will bring that experience to bear in helping PGE to be successful.

Q. What do you believe are the immediate challenges PGE and the Board will face in the coming year?

A. The new PGE Board will develop a strategic vision, the first aspect of which will be to let management, employees and customers know that the delivery of reliable and high-quality service to all of its customers will be the centerpiece of that strategy. Just as importantly, we will need to immediately address long-term planning issues that are critical to PGE and its customers. We will focus on finding ways to operate the utility more effectively and efficiently, with the objective of having PGE provide electric service at affordable rates. Most importantly, we want to help PGE emerge from the shadow of Enron and reestablish itself as an independent, Oregon-focused utility. PGE

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customers should be able to rely on their electric service without wondering what will be the next news headline.

Q. Do you have a distinct vision for the future of PGE?

A. First and foremost, we want to return PGE to the role it has historically held in Oregon—as an independent, locally focused, consumer-friendly, community-spirited public utility providing Oregon homes and businesses with excellent service quality. In addition, we would like to see PGE continue to actively pursue a role in environmental stewardship and conservation and to look for areas where improvement may be possible. Each of us takes environmental matters very seriously. The responsibility for caring for our environment falls on all of our shoulders, but an electric utility has a unique responsibility in this area.

IV. CUSTOMER BENEFITS

Q. Do you believe that PGE's customers will benefit from the proposed acquisition by Oregon Electric?

A. Absolutely. Mr. Kelvin Davis and Dr. Karl McDermott address the benefits of this transaction in their testimony with more specificity. We believe that the benefits they describe that will derive from this transaction are real. We also believe there is significant value to customers in having an Oregon perspective on the PGE Board of Directors and in keeping the utility's corporate headquarters in the State. Although it may be difficult to quantify the benefit a healthy, well-managed utility (*i.e.*, one that has the best interests of its customers in mind), it is, without question, essential to the viability of the Oregon economy.

Q. Please describe your objectives as Board members.

A. Our overall objective is to bring an Oregon perspective to helping PGE manage the challenges presented by its industry and a still-changing local economy. We also want to

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be a part of bringing new leadership, new energy, and new resources to the utility. We would not be involved in this venture if we did not believe that Oregon Electric's interests can be aligned with the best interests of the citizens of Oregon. All three of us have strong relationships with local industry and government leaders, and we intend to use those relationships to build a utility that is responsive to the public's needs and concerns.

Q. Do you have any other comments?

A. Yes. We look forward to working with the various stakeholder groups and leading PGE back to its prominence as an independent corporate citizen in Oregon.

Q. Does that conclude your testimony?

A. Yes.

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company

EXHIBIT 3

DIRECT TESTIMONY
OF
KELVIN DAVIS
ON BEHALF OF THE APPLICANTS

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I. INTRODUCTION

Q. Please state your name, occupation and employer.

A. My name is Kelvin Davis. I am a partner at Texas Pacific Group ("TPG").[1] TPG is one of the leading private equity firms in the country. It manages investments principally for the benefit of state and corporate pension funds, university endowments, and other institutional investors. Among other things, my job is to identify and pursue investment opportunities in several industries – among them, the electric power industry – and then to assist the companies we invest in to become better companies.

Q. Please describe your professional experience and education

A. I have been a partner with TPG since 2000. I am in charge of investment efforts in the electric power industry, among other areas. Prior to joining TPG, I was the President and Chief Operating Officer of Colony Capital, Inc., a private international real estate-related investment firm. Before that, I was a principal of RMB Realty, Inc., the real estate investment vehicle of Robert M. Bass. I have also worked at Goldman Sachs & Co., an investment bank, and Trammell Crow Company, a real estate firm. Finally, I have served on the Board of Directors of two publicly traded companies and several private companies, including Kraton Polymers LLC, Hotwire, Inc., DS Waters, L.P., Crestline Hotels and Resorts, and Franchise Finance Corporation of America, among others. I have a B.A. in Economics from Stanford and an M.B.A. from Harvard University.

Q. What is your relationship to the Applicants in this case?

A. Oregon Electric Utility Company, LLC ("Oregon Electric") was created to purchase from Enron Corp. ("Enron") all issued and outstanding common stock of Portland General Electric ("PGE"). TPG Partners III, L.P. and TPG Partners IV, L.P. (the "TPG Applicants") are two investment funds managed by my firm that will supply most of the

[1] Throughout my testimony when I refer to TPG, I am referring either to TPG or the TPG–managed funds, as implied in the context of my testimony.

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equity capital to Oregon Electric. We are most fortunate to be joined in this effort by three distinguished local partners – Neil Goldschmidt, Gerald Grinstein and Tom Walsh (the "Local Applicants") – who will not only invest their own funds in Oregon Electric through a company that will be formed solely for that purpose named Managing Member LLC, but, importantly, will bring local leadership to the Board of PGE.

Oregon Electric is an applicant because it will own all the outstanding and issued common stock of PGE, giving it 100% of the voting control of PGE. The Local Applicants and the TPG Applicants are applicants because they will own 5% of the voting securities of Oregon Electric (directly, in the case of Managing Member LLC, or indirectly, in the case of the individuals).[2]

Q. Have you ever testified before this Commission?

A. No.

Q. On whose behalf is this testimony presented?

A. This testimony is presented on behalf of all Applicants.

II. PURPOSE

Q. What is the purpose of your testimony?

A. My testimony will provide an overview of the TPG Applicants and Oregon Electric, as well as Oregon Electric's plan for operating the utility. I will also address the key financing and accounting aspects of the proposed transaction. Finally, I will explain how the interests of Oregon Electric and its owners are aligned with the interests of PGE's customers and I will discuss the benefits that will accrue to the utility, its customers, and the public interest generally as a result of this transaction.

[2] The two TPG-managed funds will collectively own a total of 5% of the voting securities in Oregon Electric. Because these funds are managed by a single manager, we are treating their interest as though it was held by a single investor, therefore requiring approval by the Commission under ORS § 757.511. The balance of the voting securities in Oregon Electric will be owned by the Local Applicants.

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III. OREGON ELECTRIC AND ITS INVESTORS

Q. Who is Oregon Electric?

A. Oregon Electric is a Portland-based limited liability company incorporated under Oregon law. Oregon Electric will serve as a holding company and will own all the issued and outstanding common shares of PGE. PGE will be Oregon Electric's sole holding.

Q. Who owns Oregon Electric?

A. The owners of limited liability companies are called "members." Oregon Electric's members will be:

- The TPG Applicants, who will invest and hold approximately 79.9% of the economic interest and 5% of the voting interest in Oregon Electric;
- The Local Applicants, who collectively will invest and hold about 0.4% of the economic interest and 95% of the voting interest; and
- The Passive Investors, comprised of the Bill & Melinda Gates Foundation and OCM Opportunities Fund III, L.P., that together will invest and hold approximately 19.7% of Oregon Electric's equity interest, but will have no voting interest.

I will refer to Oregon Electric, the Local Applicants, and the TPG Applicants collectively as "the Applicants."

Q. What is TPG?

A. TPG is a private equity investment firm. Basically, pension funds, university endowments and other institutional investors commit to invest money in funds that we manage. We then invest that money in different kinds of businesses. We are called a "private equity" investment firm because we generally invest in privately held companies rather than in the public stock and bond markets. Each of our funds is a discretionary investment partnership. This means the investors in TPG funds give TPG full discretion

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over the investment decisions relating to the capital that they have committed to our respective funds.

Essentially, our role is to help our investors diversify their investment risks so they are not investing solely in the public stock and bond markets. By expanding their investment portfolios, the pension funds and other investors for whom we manage money obtain the resources to meet their obligations to make promised payments to retirees and other beneficiaries. TPG is proud that its efforts are helping to ensure the retirement income of millions of current and former employees of both public and private entities.

Q. How do the TPG-managed funds work?

A. Our funds are raised successively. When we launch a fund, the pension funds and our other investors "commit" to invest a fixed amount in the fund. When we find an investment, we "call" on each investor to pay into the fund its allocable portion of the capital needed for the fund to make the investment. We launch a new fund when we project that un-invested commitments in the current fund will be insufficient to meet anticipated future investment opportunities. Over the life of a fund, which typically ranges 10 to 12 years, we will invest in a variety of companies. Our investors are not seeking current income from these investments and our funds typically do not seek regular dividends from the companies in which they invest, instead choosing to reinvest in the business.

TPG Partners IV, L.P. is our most recent fund and was raised early this year. We have raised over $13 billion in total equity commitments since 1993. Both TPG Partners III, L.P. and TPG Partners IV, L.P. are expected to be investors in Oregon Electric. The precise allocation will depend on the amount of un-invested commitments in TPG Partners III at the time this acquisition is closed, if approved by the Commission.

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Q. Who are the major investors in these TPG funds?

A. Approximately 65% of the capital committed to TPG Applicants comes from public and private pension funds and university endowments. Other investors include financial institutions, life insurance companies, family foundations, and the investment professionals of TPG, including David Bonderman and me. Attached as Exhibit 12 is a breakdown of TPG Applicants' investors by class.

Noteworthy among the major investors in TPG-managed funds is the Oregon Public Employee's Retirement System ("OPERS"). OPERS has been an investor since TPG's inception and has chosen to invest in all four successive TPG-managed funds. As a result, pensioners in Oregon and elsewhere are the people, among others, for whose ultimate benefit the investment in PGE will be made.

Q. Can you tell me more about TPG and the TPG Applicants?

A. TPG is led by our three founders, David Bonderman, Jim Coulter, and Bill Price, who started the firm in 1993. In that same year, the founders led the $6 billion reorganization of Continental Airlines as it emerged from bankruptcy. As part of its investment, TPG recruited a new management team and board of directors to guide a turnaround of the company. Several of TPG's principals were on the Continental Board and played a key role in providing that company and its management with strategic vision, access to capital, and thoughtful and involved support that enabled the company to excel.

Through that investment and others since then, TPG has established a reputation for investing in high quality businesses across many industries, some of which are temporarily in troubled or transitional circumstances. Our capital and sponsorship, coupled with hard work and active board involvement, have helped many such companies stabilize and improve their performance by refocusing on their core values

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and mission. Later in my testimony I will cite some examples of how we have helped guide companies through such circumstances.

Q. Why is TPG interested in investing in PGE?

A. Historically, TPG has dedicated significant resources to the understanding of specific industries and the macroeconomic circumstances that affect them. In certain cases, we look for industries likely to benefit from positive intermediate and long-term improvement, even though they may currently be experiencing tough times. Often, public market investors may not be anxious to invest in these types of industries, given the perception of near-term challenges. In recent years, one of the industries on which TPG has focused is the electric power industry. The uncertainty of deregulation and the overhang of the 2000-2001 power market crisis have generally made companies in the industry unattractive to investors.

It was well known in the marketplace that Enron was interested in selling PGE, even prior to Enron's bankruptcy. Subsequent to that bankruptcy filing in December 2001, Enron retained Blackstone, a New York-based investment banking firm, to widely market several of Enron's most significant assets, including PGE. In the context of this very public and visible marketing campaign, we expressed interest in PGE and began discussions with Enron and PGE management in the fall of 2002. In the spring of 2003, we intensified our due diligence on PGE and, after almost a year of investigation and negotiations, announced a definitive agreement to acquire the utility on November 18, 2003.

As part of our due diligence, we confirmed that PGE is a fundamentally sound utility with talented and dedicated employees, a high-quality service territory, well-maintained generation assets, and a long track record of solid customer service. In spite of its distinguished history, however, PGE has been facing a number of challenges.

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The company has been weathering a difficult period in the industry. The unprecedented events during the 2000-2001 power crisis (and the fundamental challenges that they reflected) necessitated significant and abrupt increases in energy costs and rates throughout the Western United States, which had unfortunate implications for many of PGE's customers. In spite of such rate increases, PGE's financial performance was severely impacted by these industry conditions, which have persisted in many respects. These difficulties have been compounded by the challenging economic environment in Oregon, which has suffered a deep and protracted economic decline.

Moreover, PGE has also faced significant challenges brought on by the Enron bankruptcy. With a corporate parent involved in complex legal proceedings, including civil and criminal investigations, and with devastating losses to its employees' retirement funds, PGE's reputation has been tarnished and management has been forced to grapple with issues far removed from PGE's core competencies of generating and distributing energy and serving its customers.

In spite of these substantial challenges, PGE continued to ably serve its customers. However, it has done so amidst significant distractions. After serious consideration and analysis, TPG concluded that its capital, institutional knowledge, and expertise, coupled with a dedicated board of directors bringing long-term strategic guidance in collaboration with senior management, could help PGE meet future challenges.

Q. How will Oregon Electric address the challenges you cite?

A. Oregon Electric will address the challenges and opportunities facing PGE by implementing a strategy that will bring PGE back to a singular focus on its core business of serving customers in Oregon. Specifically, we expect to effect this strategy through the following:

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- Removing PGE from Enron's ownership, and placing it in the hands of a unified ownership;
- Re-establishing PGE's local focus through significant Oregon representation on PGE's Board of Directors;
- Recruiting a first-class board, including experienced industry executives and local and national business leaders to complement the Local Applicants and PGE's CEO;
- Re-invigorating board-level strategic direction and long-term planning;
- Investing in the future of PGE through capital reinvestment in the maintenance and enhancement of existing assets and the acquisition and development of new utility resources; and
- Reinforcing management's efforts to achieve best-in-class performance across PGE's critical service metrics and to install financial discipline throughout the business.

Through these initiatives, we can help PGE shed the burdens and distractions of its most recent past, thoughtfully address its future, and strengthen the company's place in this community as a top-quality service provider, employer, business partner, and corporate citizen. With united ownership, a locally focused, reinvigorated board, and restored operating independence, PGE will be well-positioned to be an effective partner of Oregon business and residents.

Q. What role will the TPG Applicants have in managing PGE?

A. Two members of TPG, David Bonderman and I, will join the PGE Board of Directors.

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Q. Why do the Local Applicants have a greater voting interest in Oregon Electric than the TPG Applicants, given that the TPG Applicants are putting in the majority of the equity?

A. As we have said publicly since this transaction was announced, the allocation of voting control at Oregon Electric has been made in order to comply with the requirements of the Public Utility Holding Company Act ("PUHCA"). PUHCA's application to this transaction is described in more detail in the testimony of Richard Schifter. However, suffice it to say that, given TPG's status as a private equity investor, it is impractical for it to be treated as a "holding company" for PUHCA purposes. Thus, in order to ensure that Oregon Electric is the "holding company," the Applicants have agreed that the Local Applicants will have 95% voting control of Oregon Electric subject to consent rights in favor of the TPG Applicants over major decisions. These consent rights essentially give the TPG Applicants veto power with respect to certain major corporate decisions. For example, the TPG Applicants would have to give their consent for Oregon Electric to approve a substantial sale of assets or adopt an annual operating budget. A complete list of the TPG Applicants' consent rights is attached as Exhibit 7.

I would note that the SEC has recommended that PUHCA be repealed. If it is, then Oregon Electric's economic ownership and voting control will be adjusted so that the TPG Applicants will have voting control consistent with their equity interests. But this change will not affect in any way the basic agreement among the Applicants and there will always be substantial ongoing local representation on the Board of Directors of PGE. The Board always will include at least five Oregonians, and we expect Neil Goldschmidt will continue to serve as Chairman and Messrs. Grinstein and Walsh will serve as board members even if at some point in the future PUHCA is repealed.

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Q. What role will the Passive Investors have in managing PGE?

A. None. They will be passive (*i.e.*, they will not have any voting rights) with no Board representation.

IV. EXPERIENCE OF APPLICANTS

Q. Do the Applicants have specific experience in operating an electric utility?

A. No. However, the Applicants have other relevant and transferable experience. Additionally, as I previously mentioned, we expect the Board of PGE will include executives with specific energy sector and utility expertise.

TPG has significant experience working in a variety of industries—experience that is applicable to operating PGE. Specifically, TPG has owned companies in the airline, financial services, telephony, and healthcare industries, and these investments have given TPG substantial experience in working with regulators. In particular, TPG appreciates that regulated businesses involve a three-way partnership among the company, the regulators and the customers. In addition, TPG has invested in two oil and gas exploration and production companies. This has given TPG an understanding of the supply side of the energy industry, an important factor as PGE evaluates its long-term resource needs. Finally, there are certain basic business principals common to all companies in which TPG has invested that are equally applicable to the utility business. Perhaps most important among these are the focus on customer service, operating efficiency, and the need to make critical, strategic capital investment decisions.

The Applicants are confident that a powerful combination of TPG's capital and broad-based experience, local leadership, and strong business and industry experience, will provide PGE with the tools and leadership it needs to emerge from this transitional period as a strong, stable, first-class utility delivering safe and reliable electricity at cost-effective rates.

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Q. Are the companies that TPG invests in operated as part of a conglomerate?

A. No. All companies are capitalized and managed entirely independently of one another. There are no centralized services such as legal departments, human resources, or accounting services. Neither is there consolidation for tax or accounting purposes. Under Enron, PGE was part of an energy conglomerate. After the acquisition, PGE will no longer be part of a conglomerate and will be better able to focus solely on its core business.

Q. How does TPG help to improve the businesses in which its funds invest?

A. TPG's mission is to ensure that the companies in which it invests have the financial and organizational tools they need to be successful. That mission is pursued by appropriately capitalizing those companies and providing sound leadership and strategic direction through a highly qualified board of directors. Typically, one of our first steps is to recruit extremely capable board members with qualifications tailored to the needs of the specific company. At least one of our principals usually sits on the board of directors in order to provide the company with access to the full resources of TPG, while actively monitoring and contributing to the direction of the business. We focus on setting the right strategic direction, making sound investments in the business, being a good corporate citizen, and ensuring that sound business fundamentals are in place, including quality customer service, strong labor relations, and enhancement of the company's products and services.

Q. Can you give some examples of successful investments by TPG-managed funds that demonstrate how TPG helps companies?

A. While TPG can point to numerous success stories, our experiences with Continental Airlines, Denbury Resources, Del Monte Foods, Oxford Health, Beringer Wine Estates, Petco and MEMC, are of particular relevance because those companies illustrate our commitment to and focus on investment in the business and productivity gains, operating

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efficiencies, customer service, and the recruitment of world-class management and board members. Attached as Exhibit 13 to the Application are summary descriptions of some of these investments to illustrate how effective TPG has been in helping companies in which it invests.

Q. How long does TPG plan to hold its investment in PGE?

A. As a long-term investor, TPG's mandate from its limited partners permits it to hold investments for up to 12 years. However, our primary focus is not on the *duration* of the investment, but on responsible stewardship of the companies in which we invest, the communities they serve, and the funds of our investors. As a matter of context and recognizing that our firm is only 11 years old, we still own interests in roughly half of the companies we had invested in prior to 1998.

We expect to hold PGE longer than most of the companies in which we invest. Our goal is to provide financial and organizational stability for PGE in order to help it meet the challenges and opportunities it faces, in both the short and long term. Certain challenges, such as resource planning, will continue to take significant time and attention, but will enhance the foundation of this utility for generations to come. We do not expect that this work will occur quickly. We are confident, however, that over the long term, PGE will grow and prosper, as will Oregon and the electric industry in general. Along the way, we also would expect to help the company become more effective and efficient in serving its customers—as even good companies like PGE have room for improvement. That is how Oregon Electric will succeed in its investment goals, and, importantly, that is how PGE can best benefit its customers.

As I have discussed, TPG is an investor and eventually will sell its stake. There is no inconsistency between our intent ultimately to sell our investment in PGE and our goal of making PGE a utility focused solely on its core business of delivering safe,

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reliable and efficient energy to its Oregon customers with excellence. It is in everyone's best interest to make PGE an even stronger company. An effective and efficient PGE, including one in which long-term planning will play a critical role, is the best route for customers to realize rates that will be affordable and will contribute to the long term economic health of the region. Those are the same factors that will enable us to realize a return for our investors on this investment. We truly believe that at this point in its history, PGE could be in no better hands than those of Oregon Electric and its investors.

In any event, when TPG does seek to sell its ownership in PGE, this Commission will have the opportunity to fully investigate the proposal, and can and will deny the proposal if it does not deem it to be in the public interest. Whenever we sell our investment in PGE, whether that be through an initial public offering or a private sale, we are confident that we will leave a legacy of corporate responsibility, board accountability, operational efficiency, and customer satisfaction that will continue to benefit PGE and its customers for years to come.

V. OPERATIONAL ISSUES

Q. How will the change of ownership affect PGE's record of customer service?

A. No business ultimately can thrive without a strong commitment of service to its customers. PGE has a strong track record of customer service that illustrates this commitment. We understand that it ranks favorably on numerous customer service metrics on a regional basis. For example, PGE compared very favorably to other utilities in the latest Five-Year Electric Reliability Study published by the OPUC. We admire PGE's achievements in these areas and all members of Oregon Electric are committed to maintaining that record of service and improving upon it where possible.

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Q. Does Oregon Electric intend to acquire other utilities, electric generation or transmission assets or gas pipelines?

A. No. Oregon Electric has no intent to own any businesses other than PGE.

Q. How will Oregon Electric ownership affect PGE's commitments to community and employee safety?

A. The Applicants will maintain PGE's commitment to community and employee safety. It is our pledge to support PGE's management in maintaining that excellent record.

Q. Will Oregon Electric commit to maintaining PGE's system?

A. Yes. The Applicants recognize that reliable electric service must begin with a sound generation, transmission and distribution system. We understand that Oregon Electric will be required to invest in the planning, design, operation, and maintenance of PGE's system, and we fully support this ongoing need for investment.

Q. How will Oregon Electric's ownership affect PGE's commitments to energy efficiency, renewable resource developments, and preserving and restoring the environment?

A. The Applicants intend that PGE will continue its development of renewable resources, improvements in energy efficiency, and financial commitment to environmental protection. We also will seek cost-effective ways to improve PGE's performance in these areas. Neil Goldschmidt and Tom Walsh have substantial knowledge of Oregon's unique environmental issues and challenges and will bring their perspective to PGE's Board. The Applicants look forward to working with PGE management and those groups specifically committed to the environment and sustainable development.

Q. Do the Applicants have experience working with union employees?

A. TPG has substantial experience working successfully in industries with union workforces.

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Q. To your knowledge, have any of the Applicants or any of their affiliates or key personnel violated any state or federal statutes relating to the environment or regulating the activities of public utilities?

A. No.

Q. Are you familiar with Oregon's restructuring legislation?

A. Yes. As part of our due diligence review, we reviewed and evaluated SB 1149 and restructuring activities related to Oregon's move to competitive markets. The Applicants are committed to supporting restructuring efforts that are currently in place and also support moving towards competitive markets to the extent approved by the Commission and requested by PGE's customers.

VI. FINANCING

Q. What consideration has Oregon Electric agreed to pay to Enron for the acquisition of PGE?

A. Oregon Electric entered into a stock purchase agreement with Enron in which it agreed to pay a base purchase price of approximately $1.25 billion in cash. This will be adjusted by an amount equal to any change in PGE's retained earnings from January 1, 2003 through the closing date. It currently is estimated that the cash amount due to Enron at close will be approximately $1.4 billion. In exchange, Oregon Electric will receive 100% of the issued and outstanding common stock of PGE.

Q. Do the Applicants have the financial capability to fund this transaction?

A. Yes. Oregon Electric will need approximately $1.471 billion to fund the purchase price and fees and expenses associated with the transaction. It will be funded with proceeds from a combination of equity capital, debt financing, and a dividend from PGE.

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Equity. The Applicants and the Passive Investors will provide approximately $525 million in equity in Oregon Electric of which the TPG Applicants will provide approximately 79.9%.

Debt. Credit Suisse First Boston ("CSFB"), a reputable investment bank with substantial experience in utility sector financings, together with certain other banks, will arrange for Oregon Electric to borrow approximately $582 million of senior secured term loan facilities ("Term Loans") with maturities ranging from four to nine years; and approximately $125 million of senior unsecured notes (the "Notes"), which will have a 10-year term. The debt financing will be raised from a combination of public and private financial institutions.

Dividend. A special dividend from PGE to Oregon Electric in the amount of approximately $240 million.

Q. How certain are you that the Applicants will be able to borrow these amounts?

A. Very certain. TPG has raised over $30 billion of financing in the capital markets through its portfolio companies over the last 10 years. We are confident that we will be able to raise the financing for Oregon Electric. In addition, Oregon Electric has obtained a Highly Confident Letter from CSFB. The Highly Confident Letter states that CSFB is:

- Highly confident of its ability to arrange a syndicate of lenders willing to provide the entire amount of the credit facilities. CSFB is prepared to continue discussions with Oregon Electric at the appropriate time regarding the terms and conditions upon which it could issue a formal commitment letter with respect to the credit facilities; and
- Highly confident of its ability to arrange for the sale of the Notes through a private sale with customary registration rights and/or public offering.

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The Highly Confident Letter as of November 18, 2003 is attached to the Application as Exhibit 19.

Q. What assets will Oregon Electric pledge to secure the Oregon Electric Term Loans and revolving credit facility?

A. Subject to certain limitations, these loans will be secured by a priority lien on, and pledge of, the stock of PGE. It is important to note that if the lenders were ever to exercise their rights to foreclose under this pledge, a situation I consider to be very unlikely and only hypothetically possible, that exercise would be subject to obtaining required regulatory approvals, including that of the Commission.

Q. Explain the special dividend to be made at closing.

A. PGE has a substantial cash position, in part because it has not paid a cash dividend to Enron since 2001. As of December 31, 2003, PGE had cash on the balance sheet in the amount of $109 million and a common equity ratio of 55%. Based on current forecasts of net income and cash for 2004, PGE is expected to have approximately $250 million in cash on the balance sheet by December 31, 2004. At closing, PGE will dividend to Oregon Electric approximately $240 million to help fund the final purchase price adjustment amount. This would leave a cash balance at PGE of approximately $10 million, which, in conjunction with the revolving bank loan facility available at PGE (discussed below), will provide more than ample liquidity for the company. Importantly, the common equity ratio at PGE will remain in excess of the OPUC minimum of 48% common equity ratio after this dividend is made.

Q. What is the pro forma capital structure of Oregon Electric?

A. Oregon Electric's total stand-alone capitalization at closing is estimated to be approximately $1.232 billion, comprised of $525 million of equity and $707 million of debt for a pro forma debt to total capitalization ratio of 57%. The capitalization of PGE

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will remain above the 48% common equity ratio required by this Commission. Attached as Exhibit 20 to the Application are pro forma statements of both Oregon Electric's and PGE's estimated capitalization.

Q. How will Oregon Electric's debt be serviced?

A. Oregon Electric's source for servicing its debt will be revenues from PGE.

Q. How do you know there will be sufficient dividends?

A. Based upon our forecasts, PGE will be able to pay approximately $80 to $100 million of annual dividends to Oregon Electric. This will translate into over $250 million of debt pay-down over the first five years after closing (*i.e.*, 2005 through 2009).

Q. If there is a timing difference between receipt of dividends from PGE and debt service obligation under the Term Loans and Note, how will Oregon Electric address this?

A. Oregon Electric will have a $100 million senior secured revolving credit facility ("Revolver") available. The Revolver will be largely undrawn at the closing of the purchase, but would be available subsequently to be used to fund certain Oregon Electric expenses and for general liquidity purposes such as timing differences between cash disbursements (*e.g.*, debt service obligations) and cash receipts (*i.e.*, dividends from PGE).

Q. Will PGE retain an investment grade credit rating if this transaction is consummated?

A. Yes.

Q. Will Oregon Electric pay dividends to its members?

A. No. Oregon Electric intends to use all available funds to pay taxes and to service and pay down debt.

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Q. Will Oregon Electric pay taxes in Oregon?

A. Yes. In contrast to Enron, Oregon Electric will pay income taxes, including to the State of Oregon.

VII. IMPACT OF ACQUISITION FINANCING PLAN ON PGE

Q. Will there be any need to change PGE's authorized capital structure as a result of the acquisition?

A. No. The Commission has required a common equity ratio of at least 48%. At closing, the common equity ratio will be at 48% or greater. We have assumed that PGE would continue to be regulated at a pro forma common equity ratio of 48% for purposes of determining the cash dividends to its parent company. We have assumed that PGE will maintain a $10 million cash balance, as well as a constant debt capital structure (*i.e.*, PGE will refinance any maturing debt). The combination of a starting pro forma common equity ratio of approximately 49% and these assumptions yields a projected common equity ratio which remains above 48% throughout the forecast period.

Q. Will there be any changes in PGE's debt structure in connection with the acquisition?

A. PGE's long-term debt and preferred securities will remain in place. PGE's $150 million revolving credit facility will be refinanced with a new unsecured $250 million revolving credit facility. Because PGE's revolving credit facility is expected to have a term that is longer than one year, as discussed in the Application, PGE will seek authority from this Commission to increase the amount of this credit facility.

Short-term cash requirements at PGE would be managed in much the same manner as they are currently being managed.

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Q. Will any assets of PGE be pledged to secure loans to Oregon Electric?

A. No. To be perfectly clear—the utility itself will not be responsible for those debts, and its assets will not be pledged as part of the financing of the purchase, but the stock of PGE held by Oregon Electric will be pledged to secure the loans.

Q. Who bears the burden of acquisition costs or charges?

A. Neither PGE nor its customers will bear the costs of the acquisition—all fees and costs, such as banking fees and expenses, incurred by the Applicants will be funded by the members of Oregon Electric and excluded from PGE's utility accounts.

Q. How do the Applicants propose to protect PGE's financial condition after the acquisition?

A. The Applicants understand that it is important to place safeguards on this type of transaction to ensure that the utility and its customers will not suffer any harm. Applicants are also aware of the important role these protections, commonly referred to as "ring fencing," have played in protecting PGE from Enron's financial problems. Accordingly, Applicants pledge to work with the Commission to develop the appropriate ring fencing mechanisms that will provide the necessary protection for PGE in the context of the Proposed Transaction.

Q. What access do the Applicants propose to provide the Commission to Oregon Electric's and PGE's accounting information?

A. Oregon Electric agrees to provide the Commission full access to books and records of Oregon Electric, as long as appropriate levels of confidentiality can be maintained. The Commission will maintain its current access to PGE's accounting information.

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Q. What effect will Oregon Electric's acquisition have on PGE's accounting procedures?

A. None. PGE will continue to maintain its own separate accounting system. All PGE financial books and records will be kept in Portland at PGE headquarters.

Q. How will Oregon Electric prevent affiliated interest abuses and cost allocation issues?

A. Unlike previous mergers and similar transactions reviewed by this Commission, the proposed transaction does not raise the threat of cross-subsidization, self-dealing, or affiliated interest abuses. Oregon Electric does not own any other utilities, independent power producers, or fuel suppliers that would raise the specter of these issues. Oregon Electric pledges to comply with all Commission regulations and requirements for affiliated interest transactions, should such transactions ever arise.

Q. Will the transaction require an increase in PGE's service rates?

A. No.

VIII. BENEFITS

Q. Will the proposed acquisition provide benefits to PGE customers?

A. Absolutely. There are specific, identifiable benefits to PGE and its customers arising out of the Applicants' acquisition of PGE. As a result of this transaction, PGE customers will be served by an Oregon-based, customer-focused, healthy utility with seasoned leadership and the expertise necessary to withstand challenging industry and economic circumstances. Such a result is clearly in the best interests of the utility's customers and the public at large.

Q. Please explain how PGE's customers will benefit from Oregon Electric's ownership.

A. Oregon Electric's ownership and plan will ensure the following benefits to PGE's customers:

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- Certainty of ownership and unified shareholder support;
- Accountability to customers and community;
- PGE management will have the resources of a dedicated, first class board of directors to help it navigate the challenges ahead;
- Thoughtful and skilled strategic leadership and long-term planning, ensuring PGE's long term health;
- Enhanced reliability and efficiency from investment in utility assets and the acquisition and development of new resources; and
- Best-in-class safe, reliable and efficient electric service.

Q. Does this conclude your testimony?

A. Yes.

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company

EXHIBIT 4

DIRECT TESTIMONY
OF
KARL MCDERMOTT
ON BEHALF OF THE APPLICANTS

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I. INTRODUCTION OF WITNESS AND WITNESS QUALIFICATIONS

Q. Please state your name and business affiliation.

A. My name is Dr. Karl McDermott. I am a Vice President of National Economic Research Associates, Inc. ("NERA"). My business address is 875 North Michigan Avenue, Suite 3650, Chicago, Illinois 60611.

Q. Please state your qualifications.

A. I have been working in the field of public utility regulation for over twenty-five years. In 1999 I joined NERA's energy practice in its Chicago office where I direct projects in the electric, natural gas, and telecommunications industries.

From April of 1992 until May of 1998, I served as a Commissioner on the Illinois Commerce Commission ("ICC"). The ICC regulates electric, natural gas, and telephone utilities operating within the state of Illinois. While a Commissioner at the ICC, I was responsible for helping make regulatory policy, along with my fellow Commissioners, as well as implementing the ICC's policies. In the time I was at the Commission I participated in several electric public utility rate proceedings as well as mergers in all of the industries the ICC regulates. One of the major electric mergers I reviewed and voted on was the Union Electric purchase of Central Illinois Public Service Company in 1995. There were also several other mergers involving smaller electric, gas and telephone companies that I presided over during my tenure at the ICC. I also was required to preside over asset transfers, land sales, and a range of other requests that public utilities are required to bring before the ICC by the Illinois Public Utilities Act.

While a Commissioner I was very active in the national regulatory debate through my affiliation with the National Regulatory Utility Commissioners ("NARUC") organization where I was a member of the Committee on Energy and the Environment

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from 1992 through 1998. For the last two years of my tenure at NARUC I was the Chair of the Subcommittee on the Environment.

From 1986 to 1992, I was co-founder and served as the President of the Center for Regulatory Studies ("CRS"), a not-for-profit regulatory policy institute located on the campus of Illinois State University. CRS was created to provide the Illinois regulatory environment with independent third-party research and education on issues affecting the regulation of public utilities.

Before founding the CRS, I worked in numerous capacities including positions on the staff of the Illinois Commerce Commission, the NARUC-sponsored National Regulatory Research Institute ("NRRI") at the Ohio State University, and Argonne National Laboratory. I have also taught graduate and undergraduate level economics courses, including regulatory economics, at Illinois State University and undergraduate economics courses at the Ohio State University, the University of Illinois at Urbana-Champaign and Parkland College. I am currently on the faculty of the Institute for Public Utilities at Michigan State University where I am an invited lecturer at the Institute's annual Regulatory Studies Program.

I have testified before numerous state regulatory commissions, as well as before the Federal Energy Regulatory Commission, the Federal Communications Commission and the Iowa and Illinois General Assemblies on issues concerning public utility regulation.

I received a B.A. in Economics from Indiana University of Pennsylvania, an M.A. in Public Utility Economics at the University of Wyoming, and a Ph.D. in Economics at the University of Illinois at Urbana-Champaign.

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Q. Please describe NERA.

A. NERA is a firm of consulting economists with offices in many major U.S. cities and in Europe, Asia, and Australia. My firm provides clients with advisory services as well as expert testimony in many different forums in fields such as antitrust, labor, intellectual property, securities, energy, and telecommunications. NERA's economists have been involved in many of the most pressing public policy issues in the last 40 years. NERA is a subsidiary of Marsh & McLennan Companies of New York City. NERA's home office is in White Plains, New York.

Q. Please describe your practice at NERA.

A. Since joining NERA in 1999 I have been retained by both public and private interests to provide my expert analysis of numerous public policy issues that face regulators and utilities. My domestic practice consists of advisory work for clients on issues pertaining to regulation and market conditions and providing expert opinion on issues of public policy toward regulated utilities. My international practice consists of advising governments and utilities on the appropriate course for public policy through the transition from centralized planning toward a more liberalized economy and utility industry. This includes training newly formed regulatory commission staff and commissioners in best practices of regulation. My practice has allowed me to address issues from electric restructuring, firm governance and mergers, to rate design and the applications of competitive principles toward regulated utilities. A more detailed description of my academic and professional experience can be found in my curriculum vita attached to this testimony.

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II. PURPOSE AND CONCLUSIONS

Q. What is the purpose of your testimony?

A. Counsel for Oregon Electric Utility Company, LLC ("Oregon Electric") has retained me to provide an independent opinion on the proposed acquisition of Portland General Electric Company ("PGE" or "Company") by Oregon Electric from PGE's parent, Enron Corp. ("Enron") ("Proposed Transaction"). In this testimony I will discuss my interpretation and opinion of the existing Oregon Public Utility Commission ("OPUC" or "Commission") criteria for reviewing applications brought under ORS § 757.511, and the relevant facts and circumstances of the Proposed Transaction.

Q. What are your conclusions after your review of the facts and circumstances in this case?

A. After a review of the facts and circumstances in this case I conclude that the Proposed Transaction is in the public interest and will provide significant benefits to PGE's customers. In particular, I believe the Proposed Transaction will result in immediate benefits to PGE's customers and the public. Moreover, I believe that significant economic benefits are very likely to accrue to PGE's customers over time.

The major benefits I have identified can be grouped into the following areas:

- An immediate end to the uncertainty caused by the bankruptcy of PGE's parent, Enron;
- Benefits related to Texas Pacific Group's ("TPG") role as a private equity investor;
- Greater alignment of owner and customer interests;
- Application of best corporate governance and management practices;
- Local emphasis and accountability.

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In addition, I believe that the Commission's continued regulation, including appropriate ring-fencing measures, will assure that the public will not be harmed.

Q. Please describe how your testimony is organized.

A. The remaining portions of my testimony are organized as follows: in Section III, I present the economic context for the Proposed Transaction, both in the electric industry and in the overall economy. Section IV presents the relevant details of the Proposed Transaction, and then discusses the benefits to PGE's customers and the public interest. Finally, in Section V, I apply the OPUC criteria to the Proposed Transaction and present my conclusions.

III. CONTEXT FOR THIS TRANSACTION

Q. Please describe the context for the Proposed Transaction as it relates to changes in the electric industry.

A. The electric industry in the United States has gone through what may be one of the most turbulent decades in its history. The introduction of wholesale competition as well as experiments with retail competition have prompted changes in the strategic direction of many energy utilities. These changes have led to mergers and acquisitions, divestures, spin-offs and other organizational changes. At the same time, problems with liquidity, poor market design and other market transition issues have created distractions for utility management. These distractions include bankruptcies, loss of liquidity in the energy trading markets, and the failure of robust retail electricity markets to emerge in a timely fashion. Accordingly, many of the management strategies that utilities adopted in anticipation of the market evolving in a particular way are now being reconsidered. The resulting uncertainty has caused the public market investors to retreat from the industry, causing a lack of liquidity.

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For those firms willing to invest capital into the industry, this period of reconsideration and uncertainty has created an investment opportunity. Specifically, private equity firms are beginning to enter these markets and use their specific skills in capital allocation and efficiency enhancements to help energy companies meet the challenges posed by changes in the marketplace. I, as well as many other observers, view this entry as a positive step that will help the energy industry move beyond many of the problems it has faced in the past few years and create more nimble utilities that are prepared to face the challenges that lie ahead.

Q. Please describe the macroeconomic context.

A. While the U.S. economy is still struggling to produce job growth, Oregon's economy in many ways has lagged behind the U.S. economy. For example, Oregon's economy grew less than the national economy in the years 1998 to 2003, and while it has rebounded somewhat from the recessions in 2001 to early 2002 and again in late 2002, Oregon is still experiencing a largely jobless recovery.[1] Although unemployment rates have decreased somewhat in recent months, they are still well above the rates experienced in the mid-1990s and job growth in the near term appears to be only slightly more positive.[2] Oregon's economy is still in a very fragile condition and could continue to lag behind the U.S. economy in its recovery.

The Proposed Transaction in many ways stands against the current trend in that capital will be flowing into the state and jobs will be protected. For example, the stability and efficiency of the local electric utility are important determinants in economic development. Ensuring that a stable electric utility will be maintained and

[1] *See, e.g., Oregon Economic and Revenue Forecast*, March 2004, Vol. XXIV, No. 1, State of Oregon, Department of Administration, Office of Economic Analysis, p. 38.

[2] *See id*. *See also* U.S. Bureau of Labor Statistics, "Local Area Unemployment Statistics."

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enhanced thereby provides one of the foundations for economic growth into the foreseeable future.

Q. What structural changes have occurred in the U.S. electric industry as a result of both industry changes and recent macroeconomic changes?

A. One result has been the changing ownership of firms in the industry. Mergers and acquisitions as well as divesture and spin-offs are part of this changing landscape. In particular, non-traditional players such as investment banks, private equity firms and other ownership structures recently have made inroads into the industry. Representative examples that are similar to the Proposed Transaction include the following:

- *MidAmerican Energy Holdings*. A prime example of a utility that is now owned by an private investor group is Warren Buffett's Berkshire Hathaway purchase of a 75% controlling stake (a combination of common stock and a non-dividend paying convertible preferred stock) in MidAmerican Energy Holdings,[3] which is the parent company of several vertically-integrated utilities with service territories in Iowa, Illinois and parts of the Dakotas.[4] Following the transaction, MidAmerican became a privately-held company with publicly traded fixed-income securities.
- *UniSource Energy*. An even more recent example is the Saguaro Utility Group, L.P. proposed purchase of UniSource Energy, the parent company of Tucson Electric Power (the electric utility serving Tucson, Arizona). Saguaro is a partnership of Kohlberg, Kravis & Roberts (KKR), J.P. Morgan Partners, and Wachovia Capital Partners. UniSource has committed to a list of conditions that are designed to maintain continuity

[3] Buffett gets energetic, CNN Money, October 25, 1999. Accessed at http://money.cnn.com/1999/10/25/deals/berkshire/ (March 6, 2004).

[4] MidAmerican also holds an electricity distribution company in the UK.

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at UniSource Energy and its affiliates, providing an assurance that Tucson Electric Power will have to meet the same regulatory requirements before and after the merger.[5]

- *TNP Enterprises*. The 2000 acquisition of TNP Enterprises, the parent company of Texas New Mexico Power (TNMP), by a buyout group (led by William Catacosinos, a former executive of Long Island Lighting) that includes CIBC World Markets, provides an early example of a successful buyout of a utility by an investor group. TNMP remains a stand-alone utility, with "ring-fencing" requirements that insulate the utility from the parent holding company and provide an assurance that TNMP will be regulated on a stand-alone utility basis.[6]
- *Trans-Elect, Inc*. Trans-Elect focuses exclusively on buying, owning and/or operating electric transmission assets. Trans-Elect acquired the transmission assets of Michigan Electric Transmission Co, LLP, which held all of the transmission assets then owned by Consumers Energy. GE Capital Corp. is the preferred limited partner of Trans-Elect.[7]
- *International Transmission and Dayton Power.* KKR has also made investments in transmission in Michigan (International Transmission Company)[8] and a utility in Ohio (DPL parent of Dayton Power and

[5] See: James S. Pignatelli, Direct Testimony on behalf of UniSource Energy Corp., *In the Matter of the Reorganization of UniSource Energy Cor*p., Arizona Corp. Comm., Docket No. E-04230A-03-0933. Available at http://www.unisourceenergy.com/Docs/Testimony_JPignatelli.pdf (accessed on March 6, 2004).

[6] Texas-New Mexico Power Company, PUC Docket No. 21112, SOAH Docket No. 473-99-1483, Texas Public Utility Commission, February 22, 2000 (2000 WL 33596457 (Tex.P.U.C.).

[7] The Securities and Exchange Commission concluded that GE's financial stake would not result in GE being a holding company or affiliate under PUHCA. General Electric Capital Corp., SEC No-Action Letter (April 26, 2000).

[8] DTE to Sell Transmission Business to KKR and Trimaran Capital Partners, December 3, 2002. http://www.tdworld.com/ar/power_dte_energy_sell (accessed on March 6, 2004).

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Light). DTE Energy (the parent of Detroit Edison) sold its transmission business subsidiary to an investor group that includes KKR and Trimaran Capital Partners, explaining that transmission was no longer strategic to DTE and that sale of these transmission assets promoted the independent operation of the electric transmission grid by the Midwest ISO.[9] With DPL, KKR entered into a series of recapitalization transactions, including the issuance of a combination of voting preferred and trust preferred securities and warrants to an affiliate of investment company KKR.[10]

Q. What benefits do private equity firms bring to the industry?

A. Private equity firms such as TPG serve a valuable function in the economy through the allocation of capital. Private equity firms typically also provide experienced board leadership that is focused on creating value through better business management practices, new ideas and strategic capital investment in the business. Furthermore, the entry of new capital from outside the traditional utility industry provides the necessary diversity of ownership that promotes new thinking and provides competition for ideas, capital and customers. I, as well as many other observers of the industry, see the influx of private equity firms as a partial solution to the industry's overall poor liquidity position and will provide utilities with a new corporate culture well suited to facing an industry in transition. It has been reported that the Federal Energy Regulatory Commission appears to be supportive of the entry of financial investors into the electric industry, because such entry is beneficial to the industry and is also supportive of FERC's policies on competition.[11]

[9] DTE to Sell Transmission Business to KKR and Trimaran Capital Partners, December 3, 2002. http://www.tdworld.com/ar/power_dte_energy_sell (accessed on March 6, 2004).

[10] DPL Inc., 10-K for year ended 2002, p. 29.

[11] *See, e.g.,* "Electrical-Plant Watchdogs Open Door to Private Equity Players," *Wall Street Journal,* Monday February 9, 2004, p. 1.

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Q. Are there other benefits that arise when a private equity firm purchases a utility?

A. Yes. Where private equity firms and the utilities they purchase are not actual or potential competitors in any relevant market there are no concerns over market power or cross-subsidization. The introduction of new players to the game (*i.e.*, the private equity firms) is generally seen as a benefit because it serves to maintain or enhance the overall competitiveness of the industry.

IV. BENEFITS OF THE PROPOSED TRANSACTION

Q. Have you reviewed the financing plan for the Proposed Transaction?

A. Yes. I have reviewed the financing plan as it is described in the Application and the testimony of Kelvin Davis.

Q. What are the most relevant aspects of the financing plan?

A. My understanding is that Oregon Electric will use debt and equity financing to purchase the stock of PGE. Importantly, Oregon Electric does not intend to pay dividends to its members (the limited liability company equivalent of shareholders), instead using the excess cash to service and pay down debt at Oregon Electric. Moreover, as I note below, the OPUC will continue to have regulatory authority over PGE and its finances, and the Applicants have agreed to accept appropriate ring-fencing arrangements. Such ring-fencing arrangements have protected PGE in the past and will continue to protect the utility and its customers. Thus, the fundamentals of this plan appear to be sound and, when combined with the regulatory protections just described, are a reasonable approach to financing the Proposed Transaction.

Q. Please describe the categories of benefits related to the Proposed Transaction.

A. As I stated above, I have identified five areas or aspects of the Proposed Transaction that create benefits for PGE's customers:

- An immediate end to the uncertainty caused by Enron's bankruptcy;

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- Benefits related to TPG's role as a private equity investor;
- Greater alignment of owner and customer interests;
- Application of best corporate governance and management practices; and
- Local emphasis and accountability.

Q. How do PGE and its customers benefit from an immediate end to Enron's ownership?

A. Uncertainty about future ownership and strategic direction of the Company can require managers to focus more on short-term decision making than longer-term strategy and direction. This can create poor incentives for longer-term decision making resulting in the potential postponement or distortion of important business decisions. If this situation continues into the future, customers may be harmed by decisions which may be appropriate given the situation, but may not be optimal relative to a more stable situation. In addition, uncertainty about the future can affect the customers' decisions about investing. The elimination of this uncertainty will avoid these potentially damaging results and benefit both customers and PGE.

Q. What specific benefits does TPG bring to the transaction as a private equity firm?

A. TPG brings to the Proposed Transaction many of the benefits of a private equity firm that I described in Section III. It brings a diversity of ownership and corporate culture that can promote new ideas and assist Oregon Electric in addressing changing industry conditions. Because Oregon Electric and PGE are not actual or potential competitors in any relevant market there are no regulatory concerns over market power or cross-subsidization, and competition in local markets can only be enhanced. As I will discuss in more detail below, TPG has particular skill in working with companies in the midst of economic transition, and its expertise will help Oregon Electric assist PGE to thrive in the midst of industry change.

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Q. Why is TPG particularly well suited to provide PGE with a renewed focus and thereby increase value?

A. By bringing its particular approach and expertise to its acquisitions, TPG has been extremely successful in a variety of settings facing a variety of complex business, legal and regulatory conditions. The utility industry, although different in many respects from other industries, requires fundamental business and financial know-how to operate in the new electricity marketplace. TPG, as an equity firm, is uniquely positioned to provide that know-how as well as the monitoring of business operations through the locally-focused Board of Directors.

TPG has an excellent history of bringing its capital and strategic guidance to companies across various industries. One example is the turn-around at Continental Airlines after TPG recapitalized the company in the early 1990s and provided new strategic direction. TPG used simple but important business strategies to provide real benefits to Continental's customers through more efficient service and attention to consumer needs.[12] Another aspect of management strategies is benchmarking. Benchmarking can come in many forms, but at its core is the idea that setting standards of achievement can help motivate management and employees (and often align the incentives of employees and customers). For example, Continental instituted a program to benchmark its on-time performance to published statistics from the U.S. Department of Transportation on all airlines. The results benefited customers, employees and owners by reducing the cost of rebooking customers on other flights due to missed connections.[13]

[12] *See* "Right Away and All at Once: How We Saved Continental," *Harvard Business Review,* Sept/Oct 1998, p. 162.

[13] *Id*.

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Q. How do these management practices create benefits for PGE customers?

A. One recurring theme that I observe in many of the TPG investments I have reviewed is the commitment TPG has to creating long term stability and value. This has been achieved through attention to customers' and employees' needs while creating a management culture that expects performance. Such an approach creates real benefits for customers not only through creating more efficient companies but also through creating a better quality of customer service. The approach TPG takes to investments has a great deal of positive potential for PGE, its customers and its employees. Importantly, although Oregon Electric may not be a permanent owner of PGE, the effect of its efficiencies and improvements to the utility's core competencies will last for a very long time.

Q. How does this acquisition better align management incentives with customers and owners?

A. There are two ways that I see the interests of owners and customers becoming more closely aligned as a result of the Proposed Transaction. First, Oregon Electric as the new owner has the incentive to obtain a fair return on its investment. To do so, it will need the management of PGE to be as effective and efficient as possible. This means that creating value for Oregon Electric is related to how innovative and efficient management can be at satisfying customers' demands. As I discuss below, the members of TPG have specific experience and expertise in implementing better management practices that not only will benefit the new owners, but also will benefit customers. With equity firms as investors, Oregon Electric has a greater incentive to monitor management to ensure that this is being done. Second, input from the local representatives will enhance the utility's responsiveness to the particular needs of the community it serves. TPG has stated that part of the attraction of PGE is that it is currently a well-run utility. However, the utility

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is currently facing issues that can distract management from utility operations. The Proposed Transaction would allow utility management to focus solely on providing high value service to its customers, providing a better working environment for its employees and earning a fair return for its owners. In this instance, I believe that the Proposed Transaction is likely to better align the interests of the utility and its customers, as well as improve the utility's relationship with its regulators because of the private equity firm's emphasis on the performance of its companies.

Q. Are there any other benefits related to the proposed new structure of the firm?

A. Yes. PGE will be reestablished as an independent company, and will therefore be able to focus its attention solely on the utility functions in Oregon and its role as the provider of energy services in Oregon. This "re-localization," at a minimum, will provide greater attention to local issues and greater stability for the local business environment. Further, Oregon Electric has prominent local people who have an interest in ensuring that PGE is responsive to local needs. In addition, Oregon Electric will provide a stable parent company both from a management standpoint and a financial standpoint, as Oregon Electric has indicated it has no intent to acquire other businesses. Bringing certainty and a local perspective to the ownership of PGE is a real benefit to the local economy and business environment that will last within the utility for a long time.

Q. What leads you to your conclusion that Oregon Electric's acquisition of PGE will likely result in economic benefits over time?

A. There are a number of factors specific to the Proposed Transaction that lead me to believe that Oregon Electric's acquisition of PGE will very likely result in economic benefits for PGE's customers. First, as I have noted above, TPG has an impressive history of success in leading those companies in which it invests to superior performance and efficiencies. Such efficiencies, as well as sound long-term planning, are benefits that

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will translate into lower costs. Second, TPG has created an Oregon-based holding company with prominent Oregon and Northwest people that have not only a financial stake in the business, but also have ties to the local community and region that provide additional incentives to perform. While financial incentives are important, economists recognize that non-economic incentives, such as identification with the goals of the firm, can be as strong, or in some cases stronger, than financial incentives.[14] These factors lead me to believe there is a strong likelihood that Oregon Electric will provide benefits for customers through this acquisition.

Q. Are there any factors that suggest that the Proposed Transaction will, at a minimum, impose 'no harm' on the public?

A. There are four main reasons why I believe this merger will impose 'no harm' on the public and therefore serve the public interest.

First, service provided by PGE will remain regulated in the same manner as it has been under the current owners. The OPUC will have all of the same ratemaking authority and prices and terms and conditions of service will remain 'just and reasonable.'

Second, the utility will continue to be required to provide safe and reliable service and will continue to meet exceptional service quality standards.

Third, all of the regulatory ring-fence protections that have been in place under the previous owner are expected to continue. This will allow PGE to continue to obtain capital on reasonable terms and conditions.

Last, this acquisition is simple and straightforward. It will impose no additional burdens on the OPUC that would require the customers to increase staff funding for the

[14] *See, e.g.,* Herbert Simon, "Organizations and Markets," *Journal of Economic Perspectives,* 5(2), pp. 25-44, 1991 or George Akerlof, "Procrastination and Obedience" *American Economic Review,* 81(2), pp. 1-19, 1991.

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OPUC. This transition will not require any additional oversight from the OPUC as a result of the proposed conditions.

Q. Please describe some specific safeguards that will exist if this acquisition is approved by the OPUC.

A. One specific example of a key safeguard is the ring-fencing mechanisms that would apply to PGE and Oregon Electric. I use the term ring-fencing to refer to mechanisms that segregate the regulated utility from other non-regulated affiliates and its parent company.[15]

Q. Do you see any potential benefits to the public at large as a result of the Proposed Transaction?

A. Yes. Oregon Electric has committed to maintain its headquarters in Portland and, as I understand the situation, there are currently no plans by Oregon Electric to make substantial staffing changes. This clearly benefits the region by maintaining those jobs in Portland.

V. CRITERIA FOR ASSESSING THE PROPRIETY OF A CHANGE IN PUBLIC UTILITY OWNERSHIP IN OREGON

Q. Please describe your understanding of the applicable criteria for reviewing a change in ownership of a public utility in Oregon?

A. I have reviewed the OPUC's standards under ORS § 757.511. My understanding of the applicable test for transactions as proposed in this case is as follows. The petitioning party has the burden to meet two tests or standards. The first standard I will refer to as the "net benefits" test. According to the OPUC this test should not be applied in a "rigid" or "arbitrary" fashion and is intended to take into account the "total set of

[15] I note that the ring-fencing provisions that currently apply to PGE have allowed it to continue to be financially healthy even in the face of its parent company's bankruptcy.

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concerns" presented in each merger application. Further the OPUC stated that this test should not, as a matter of policy, be reduced to economic considerations and that upfront monetary payments are not required to meet this standard.[16] This net benefits test appears to be aimed at the assessment that the utility's customers will be "served" by the Proposed Transaction. The second standard or test is intended to be applied to the "public at large" and requires a showing of "no harm."[17] I note that the OPUC's standards provide the Commission with broad flexibility to consider all the circumstances in deciding whether there are "net benefits" and "no harm."

Q. In your opinion, does the Proposed Transaction meet the OPUC's criteria for approving a proposed change in control of a public utility?

A. Yes, it does. Oregon Electric will provide the financial and strategic capabilities that when combined with PGE's managerial and technical capabilities will produce a stronger utility that will be able to further enhance the service it provides to PGE customers in Oregon. The potential benefits of the Proposed Transaction that I have described will benefit PGE customers. Furthermore, at the completion of this acquisition, the OPUC will continue to regulate PGE in an effective manner. This ensures that the public will not be harmed by the Proposed Transaction. Therefore, I conclude that the Proposed Transaction meets the OPUC's guidelines for approval and should be approved.

Q. Does this conclude your testimony?

A. Yes.

[16] *See* Order No. 01-778 at 11, OPUC Docket No. UM 1011.

[17] *Id*.

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

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EXHIBIT 5

DIRECT TESTIMONY
OF
RICHARD SCHIFTER
ON BEHALF OF THE APPLICANTS

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I. INTRODUCTION

Q. Please state your name, occupation, and employer.

A. My name is Richard Schifter. I am a partner with Texas Pacific Group ("TPG")[1]. I am a lawyer by training with particular expertise in bankruptcy. As a partner with TPG, I generally am involved in investments involving issues dealing with financial restructuring, regulatory matters, and litigation.

Q. What is your relationship to the applicants in this case?

A. TPG manages TPG Partners III, L.P. and TPG Partners IV, L.P. ("TPG Applicants").

Q. Please describe your professional experience and education as it relates to your testimony in this matter.

A. I received a B.A. degree in Political Science from George Washington University in 1975 and a J.D. degree from the University of Pennsylvania in 1978. I worked at the law firm of Arnold & Porter in Washington, D.C., for fifteen years before joining TPG in 1994.

Q. Have you ever testified before this Commission?

A. No.

Q. On whose behalf was this testimony prepared?

A. This testimony was prepared on behalf of the Applicants (as defined in the Application).

II. PURPOSE

Q. What is the purpose of your testimony?

A. My testimony is offered to explain certain of the federal regulatory approvals required as a condition to close under the Stock Purchase Agreement between Enron Corp. and Oregon Electric Utility Company, LLC ("Oregon Electric"). In addition, I will address certain other approvals that Oregon Electric will seek in parallel but separate proceedings

[1] Throughout my testimony when I refer to TPG, I am referring either to TPG or the TPG–managed funds, as implied in the context of my testimony.

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relating to a reorganization of PGE. These approvals are not required under the purchase contract with Enron.

Q. What are the FERC and SEC approvals required to complete this transaction?

A. The Federal Energy Regulatory Commission ("FERC") will be asked to approve the transfer of ownership of PGE stock because PGE owns jurisdictional assets of a public utility pursuant to Section 203 of the Federal Power Act; the jurisdictional assets are certain of PGE's transmission facilities and power contracts.

In accordance with a recent ruling by the Securities and Exchange Commission ("SEC"), I understand that in the next few days Enron expects to register as a holding company under the Public Utility Holding Company Act of 1935 ("PUHCA"). Accordingly, the SEC will be asked to approve the transfer of PGE shares by Enron to Oregon Electric.

III. FERC

Q. What is FERC's jurisdiction with regard to the acquisition?

A. Under Section 203 of the Federal Power Act, no public utility may dispose of "jurisdictional assets" unless and until FERC has approved the transfer. Jurisdictional assets include interstate transmission facilities and FERC jurisdictional power contracts. FERC has a well-established procedure for transfers that is set out in 18 CFR Part 33. The applicants will be PGE and Oregon Electric. The applicants must show that the transfer will not increase horizontal or vertical market power, or have an adverse effect on rates or regulation.

Q. Will the acquisition increase horizontal or vertical market power, or have an adverse effect on rates or regulation?

A. No. Oregon Electric has no other holdings. Therefore, the transaction will have no impact on market power, rates or regulation.

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Q. How long will FERC approval take?

A. Because Oregon Electric has no other holdings, a short form application is all that is required. Oregon Electric will file for approval within the next 30 days. There is no set time frame for a FERC ruling on the application; a typical time frame is 60 to 120 days, depending on the number of adverse interventions (protests). For example, when PGE sought to merge with Northwest Natural, the application was filed November 30, 2001 and granted February 13, 2002.

IV. SEC

Q. Why is SEC approval required?

A. Under PUHCA, as a registered holding company, Enron is required to obtain approval from the SEC before it can sell its shares of PGE.

Q. Are any other SEC actions needed to conclude the acquisition?

A. Another condition to closing is receipt of a no-action letter from the SEC's Division of Investment Management concluding that it would not recommend enforcement action to the SEC or otherwise assert that the limited partner investors or non-managing member investors in Oregon Electric, or their affiliates, would be or will become a public utility holding company or affiliate of PGE within the meaning of PUHCA solely by reason of the consummation of the transaction. We expect to be able to obtain the no-action letter.

V. PGE REORGANIZATION

Q. Will Oregon Electric be subject to PUHCA?

A. After the acquisition, Oregon Electric will hold 100% of the voting securities of PGE. As such, it will be a holding company as defined in PUHCA. Because the SEC has ruled that PGE is not an intrastate utility, Oregon Electric will have to register under PUHCA—unless it qualifies for an exemption.

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Q. What sort of regulation would Oregon Electric be subjected to under PUHCA?

A. The regulation of registered companies is comprehensive. The requirements are primarily designed to limit the company's holdings to a single integrated public utility system and such other businesses that are functionally related. They include not only reporting requirements, but also the need to obtain SEC approvals of financing and asset acquisition or disposal, as well as restrictions on capital structure.

Q. Why does Oregon Electric want to qualify for an exemption?

A. In the case of a holding company that owns only one utility that is already thoroughly regulated by a state regulator, registering under PUHCA leads to redundancy of regulation and could lead to conflicting or inconsistent requirements. The SEC itself acknowledged this in a June 1995 report advocating the repeal of PUHCA, and proposals to repeal the Act are pending in the Congress on the basis that its provisions are redundant and unnecessary. We note that this Commission, when it intervened in Enron's SEC proceeding for exemption from PUHCA, advocated that Enron should be granted the exemption, noting that "[t]he OPUC adequately and effectively regulates Portland General's utility operations and activities." Oregon Electric believes that Commission oversight of PGE is sufficient and that layering additional PUHCA requirements on Oregon Electric would not be useful.

Q. What does Oregon Electric need to do to qualify for an exemption?

A. The SEC order denying Enron an exemption cited a number of factors, but, in my opinion, the SEC's primary concern appears to have been the magnitude of PGE's revenues from out-of-state wholesale power sales. To obtain an exemption, Oregon Electric would have to remove this concern. Given that PGE actively manages its trading portfolio and its primary trading hub is out of state, it would not be feasible to reduce PGE's out-of-state trading operations. One approach that Oregon Electric and

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PGE are evaluating is the possibility of restructuring PGE's trading business. If Oregon Electric and PGE determine to restructure PGE's trading business to qualify for an exemption under PUHCA, a separate application for approval of the restructuring will be submitted to the Commission. We do not believe this restructuring would have any adverse impact on PGE or its customers.

Q. What steps are being taken in that direction?

A. Oregon Electric is currently working with PGE to develop a restructuring plan. When it is complete, Oregon Electric will present the plan to each of its regulators. To the extent that it appears the restructuring will not be completed before the close of this transaction, Oregon Electric will apply with the SEC for a temporary exemption from PUHCA to allow time to complete the restructuring post-closing.

Q. Would any other regulatory approvals be necessary to implement the restructuring?

PGE would apply to this Commission for approval of the restructuring. In addition, the new trading entity would apply to FERC for market-based rates authority to engage in interstate transactions with third parties. Of course, that authority could not be exercised until the expiration of the 12-month period during which PGE, as a result of recent enforcement actions, must sell to the market at cost-based rates. FERC must also approve the terms under which the power marketing affiliate would sell power to the regulated utility. FERC's primary focus is on market power.

In addition, the SEC must also agree that the restructuring will enable Oregon Electric to qualify for exemption.

Q. Will the TPG Applicants be subject to PUHCA?

A. No. After the acquisition, TPG Applicants will hold approximately 79.9% of the economic interest in Oregon Electric, but they will have only 5% of the voting securities.

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Therefore, neither of the TPG Applicants will be a "holding company" under PUHCA. A condition of the transaction with Enron is that the SEC staff issue a no-action letter indicating it would not recommend that the SEC institute an enforcement action against the TPG Applicants to deem them or their affiliates as a "holding company" under PUHCA. The Local Applicants are individuals and therefore do not fall within the objective standard for a "holding company" under PUHCA.

Q. Is approval of the restructuring by the SEC, FERC, or the Commission a condition to closing the acquisition?

A. No.

Q. What impact will the restructuring proceedings have on this application?

A. Oregon Electric believes it should have no impact. The Commission, SEC, and FERC restructuring proceedings will all be filed in separate dockets and at a later date than the acquisition proceedings at the Commission (this application), the SEC (approval of Enron's sale), and FERC (market power assessment). If the SEC agrees that the proposed restructuring will enable the holding company to qualify for exemption, Oregon Electric has reason to believe this request will be granted. Oregon Electric intends to ask the SEC for a temporary exemption from PUHCA on the basis that implementation will take some period of time after closing of the acquisition.

Q. Does this conclude your testimony?

A. Yes.

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EXHIBIT 6

STOCK PURCHASE AGREEMENT

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EXECUTION COPY

STOCK PURCHASE AGREEMENT

BETWEEN

OREGON ELECTRIC UTILITY COMPANY, LLC

AND

ENRON CORP.

Dated as of November 18, 2003

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

Article XIII
MISCELLANEOUS

TABLE OF CONTENTS
(continued)

Page

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of November 18, 2003 (together with the exhibits and schedules hereto, the "Agreement"), by and among Oregon Electric Utility Company, LLC, an Oregon limited liability company ("Purchaser"), and Enron Corp., an Oregon corporation ("Seller").

W I T N E S S E T H:

WHEREAS, commencing on December 2, 2001, Seller and certain of its subsidiaries filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code; and

WHEREAS, Seller owns all of the issued and outstanding common stock, par value $3.75 per share (such common stock together with any other common equity interests in the Company that may be issued after the date hereof, the "Shares"), of Portland General Electric Company, an Oregon corporation (the "Company"); and

WHEREAS, the board of directors of Seller has determined that a sale of the Company is desirable as a means to preserve the value inherent in the Company ultimately available to Seller's creditors; and

WHEREAS, Purchaser desires to purchase, and Seller desires to sell, the Shares pursuant to the terms of this Agreement and an order of the Bankruptcy Court approving such sale under Sections 105 and 363 of the Bankruptcy Code; and

WHEREAS, certain terms used in this Agreement are defined in Section 12.1.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

SALE AND PURCHASE OF THE SHARES

Section 1.1 Sale and Purchase of the Shares. Upon the terms and subject to the conditions contained herein, at the Closing, Seller shall sell, assign, transfer, convey and deliver all Shares to Purchaser free and clear of any and all Liens (other than Liens created by Purchaser) in accordance with Section 363 of the Bankruptcy Code, and Purchaser shall purchase all Shares from Seller.

ARTICLE II

PURCHASE PRICE; PAYMENT; SHARES

Section 2.1 Purchase Price.

(a) The purchase price for the Shares shall be an amount equal to (i) $1,250,000,000 (the "Base Purchase Price"), plus (ii) the amount of the Purchaser Settlement Amount, if any, pursuant to Section 2.2 (the Base Purchase Price, as so increased, the "Adjusted Base Purchase Price"), plus (iii) the amount of the Final Purchase Price Adjustment, which may be positive or negative. The Adjusted Base Purchase Price, after giving effect to the Final Purchase Price Adjustment, is referred to herein as the "Purchase Price." Seller and Purchaser agree to effect the Final Purchase Price Adjustment as set forth in Schedule 2.1(a).

(b) Within two (2) Business Days following the execution of this Agreement, Purchaser shall deposit with JP Morgan Chase Bank, in its capacity as escrow agent (the "Deposit Escrow Agent"), pursuant to the Escrow Agreement, dated as of the date hereof, among Purchaser, Seller and the Deposit Escrow Agent (the "Deposit Escrow Agreement"), an original irrevocable letter of credit (the "Letter of Credit") in the form of Exhibit A to the Deposit Escrow Agreement, for an amount equal to $18.75 million. The Letter of Credit will be drawn upon (in whole or in part) by the Deposit Escrow Agent only in the circumstances described in, and to the extent permitted by, Section 3.5 and the Deposit Escrow Agreement. Any amounts received by the Deposit Escrow Agent in such case, are referred to herein as the "Deposit Funds." The Letter of Credit and any Deposit Funds, if applicable, shall be held by the Deposit Escrow Agent and applied, or returned to Purchaser, in accordance with the provisions of Section 3.5 and the Deposit Escrow Agreement. Upon Closing and as provided in Section 3.5(c), the Letter of Credit and the Deposit Funds if any shall be released to Purchaser.

Section 2.2 Certain Adjustments to the Base Purchase Price.

(a) With respect to the first $104,400,000 of payments, fees, expenses and reserves included in the computation of the Pre-Closing Settlement Amount (such payments, fees, expenses and reserves, collectively, the "Shared Items"), the Base Purchase Price shall be increased for each Shared Item by an amount equal to 0.1, multiplied by the Shared Item Amount. For any Shared Item, the "Shared Item Amount" shall equal sixty-two and one-half percent (62.5%) of the amount of such Shared Item; provided, however, that in the event Seller (i) does not claim a Tax deduction on any Tax Return in respect of all or any portion of such Shared Item and (ii) delivers to Purchaser an opinion of nationally-recognized tax counsel (which counsel shall be reasonably acceptable to Purchaser) to the effect that it is more likely than not that a deduction or deductions in respect of such Shared Item would not be allowable in one or more taxable

years for U.S. federal income Tax purposes, then for the purposes of this Section 2.2(a), the Shared Item Amount shall equal one-hundred percent (100%) of the amount of such Shared Item. The aggregate amount of such increases in the Base Purchase Price is referred to herein as the "Purchaser Settlement Amount."

(b) The "Pre-Closing Settlement Amount" means, subject to Section 6.13, an amount equal to the sum of: (i) any amounts to be paid to third parties by the Transfer Group Companies to settle or otherwise resolve any Shared Special Indemnity Matters with respect to the liability of any Transfer Group Company, pursuant to an agreement or arrangement with respect thereto entered after the execution and delivery of this Agreement and prior to the Closing, (ii) any reasonable fees and expenses (as evidenced by documentation in form reasonably satisfactory to Purchaser) of external legal counsel of and other third party consultants to the Transfer Group Companies relating to work performed from and after the execution and delivery of this Agreement and prior to the Closing Date relating to the settled or resolved Shared Special Indemnity Matters referred to in clause (i) and (iii) the amount of any reserves on the balance sheet of the Transfer Group Companies that were taken with respect to any Shared Special Indemnity Matters after the date of the execution and delivery of this Agreement and prior to the Closing (but only to the extent that (A) such reserves were not on the 2002 Balance Sheet, (B) the Purchase Price is being reduced on account of such reserves pursuant to the provisions of Schedule 2.1(a) and (C) such amounts do not relate to amounts included pursuant to clause (i) or (ii) of this Section 2.2(b) or in the Pre-Signing Settlement Amount). Unless otherwise specified herein, all amounts taken into account in computing the Pre-Closing Settlement Amount shall be considered on a pre-tax basis.

Section 2.3 Payment of Purchase Price.

(a) At the Closing, Purchaser shall transfer:

(i) to Seller, an amount equal to (i) the Adjusted Base Purchase Price, plus (ii) the Estimated Purchase Price Adjustment (which may be positive or negative), minus (iii) the Indemnification Escrow Amount, by wire transfer of immediately available funds to an account of Seller (which account shall be designated in writing by Seller at least two (2) Business Days prior to the Closing Date); and

(ii) to JP Morgan Chase Bank, in its capacity as escrow agent (the "Indemnification Escrow Agent") under the Escrow Agreement in substantially the form attached hereto as Exhibit A, to be dated as of the Closing Date, among Purchaser, Seller and the Indemnification Escrow Agent (the "Indemnification Escrow Agreement"), the Indemnification Escrow Amount, by wire transfer of immediately available funds to an account of the Indemnification Escrow Agent (which account shall be designated in writing by the

Indemnification Escrow Agent at least two (2) Business Days prior to the Closing Date in accordance with the Indemnification Escrow Agreement).

(b) The "Indemnification Escrow Amount" means an amount equal to (i) $94 million, minus (ii) the Pre-Closing Settlement Amount, plus (iii) the Purchaser Settlement Amount; provided that the Indemnification Escrow Amount shall not be less than zero. The Indemnification Escrow Amount will be available to satisfy indemnification obligations of Seller in accordance with Articles IX and X as directed by Purchaser. The Indemnification Escrow Amount shall be held by the Indemnification Escrow Agent and applied in accordance with the provisions of this Agreement and the Indemnification Escrow Agreement. Any portion of the Indemnification Escrow Amount not otherwise theretofore released in accordance with the Indemnification Escrow Agreement and the terms hereof will be released to Seller upon the earlier to occur of: (A) final resolution of all Indemnity Matters and all matters described in Section 10.8 and Section 10.9, and payment of all indemnification claims related thereto, and (B) final resolution of all claims pursuant to the proceeding conducted pursuant to, and in accordance with, Article XI, and payment of all amounts due pursuant to such proceeding.

Section 2.4 Shares. At the Closing, Seller shall deliver to Purchaser one or more stock powers executed in blank relating to the Shares to be purchased by, and sold to, Purchaser pursuant to Section 1.1.

ARTICLE III

CLOSING AND TERMINATION

Section 3.1 Time and Place of Closing. The closing of the sale and purchase provided for in Article I (the "Closing") shall take place at the New York City offices of Weil, Gotshal & Manges LLP, at 10:00 a.m., New York City time, on the second Business Day after the conditions to Closing set forth in Article VII have been satisfied or waived by the party entitled to waive such condition, other than conditions that, by their terms, cannot be or are not required to be satisfied until the Closing (provided that all such conditions are satisfied at the Closing), or at such other place, date and time as the parties may mutually agree.

Section 3.2 Termination of Agreement. This Agreement may be terminated prior to the Closing Date as follows:

(a) At any time prior to the Closing Date, by the written consent of both Seller and Purchaser;

(b) By either Seller or Purchaser, after the Outside Date (as then in effect) if the Closing has not then occurred; provided that the Closing has not been delayed by the terminating party's breach of its obligations hereunder;

(c) By either Seller or Purchaser, if there shall be any Applicable Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited (and such Law is not overturned or otherwise made inapplicable to the transactions contemplated hereby within a period of one hundred twenty (120) days) or if any Order is entered by a Governmental Authority of competent jurisdiction having valid enforcement authority permanently restraining, prohibiting or enjoining Seller or Purchaser from consummating the transactions contemplated hereby and such Order shall become final and non-appealable;

(d) By either Seller or Purchaser, at any time following (i) any of (A) Seller's announcement of its decision, or Seller's election (as manifest by public announcement, execution of an agreement or formal corporate action), to effect a Distribution (provided that Seller may not so elect and terminate pursuant to this clause (i)(A) after the Auction Termination Date), (B) Seller's selection of a Winning Bidder other than Purchaser, or (C) the occurrence of the Auction Termination Date pursuant to Section 6.4(c) if Seller has not selected a Winning Bidder, in each case, in accordance with the procedures set forth in the Bidding Procedures Order, (ii) the entry of an order by the Bankruptcy Court authorizing an Alternative Transaction, or (iii) the thirtieth (30^{th}) day after Seller's selection (as manifest by public announcement, execution of an agreement or formal corporate action) of a Person other than Purchaser as the purchaser in an Alternative Transaction, regardless of whether or not an order authorizing such transaction has been entered by such date;

(e) By Purchaser, upon a breach of any covenant or agreement of Seller set forth in this Agreement, or if any representation or warranty of Seller is or becomes untrue (in each case such that the conditions set forth in Section 7.2(a) or Section 7.2(b), as the case may be, would not be satisfied), and such breach or untruth (i) cannot be cured within sixty (60) days of the date on which Seller receives written notice thereof or (ii) has not been cured within thirty (30) Business Days of the date on which Seller receives written notice thereof; provided, however, that Purchaser shall not be entitled to terminate this Agreement pursuant to the foregoing clause (ii) so long as Seller is using its reasonable best efforts to cure such breach or untruth and such breach or untruth is reasonably likely to be cured within sixty (60) days of the date on which Seller receives written notice thereof;

(f) By Seller, upon a breach of any covenant or agreement of Purchaser set forth in this Agreement, or if any representation or warranty of Purchaser is or becomes untrue (in each case such that the conditions set forth in Section 7.3(a) or Section 7.3(b), as the case may be, would not be satisfied), and such breach or untruth

(i) cannot be cured within sixty (60) days of the date on which Purchaser received written notice thereof or (ii) has not been cured within thirty (30) Business Days of the date on which Purchaser receives written notice thereof; provided, however, that Seller shall not be entitled to terminate this Agreement pursuant to the foregoing clause (ii) so long as Purchaser is using its reasonable best efforts to cure such breach or untruth and such breach or untruth is reasonably likely to be cured within sixty (60) days of the date on which Purchaser receives written notice thereof;

(g) By Purchaser, (i) at any time following the date that the Bankruptcy Court declines to enter the Bidding Procedures Order, (ii) at any time following the twentieth (20th) day after the date of execution of this Agreement, if the Bidding Procedures Order has not been entered by the Bankruptcy Court as of the time of such termination, (iii) at any time following the stay or reversal of the Bidding Procedures Order by any court of competent jurisdiction, (iv) after entry of the Bidding Procedures Order, at any time following the modification or vacation by any court of competent jurisdiction, of any provision of the Bidding Procedures Order that is material to Purchaser in its reasonable discretion or (v) within five (5) days of the filing of an appeal of any provision of the Bidding Procedures Order that is material to Purchaser in its reasonable discretion; provided that Purchaser may not terminate this Agreement pursuant to this Section 3.2(g) at any time following the entry of the Approval Order by the Bankruptcy Court;

(h) By Purchaser, at any time following (i) the date that the Bankruptcy Court declines to enter the Approval Order, (ii) the eighty-fifth (85th) day after the date of execution of this Agreement, if the Approval Order has not been entered by the Bankruptcy Court as of the time of such termination, which date may be extended by Seller, in its sole discretion, by the number of days by which the Auction Termination Date is extended pursuant to Section 6.4(c), (iii) the entry of the Approval Order, if the Approval Order is stayed, reversed, modified or vacated by a court of competent jurisdiction in any respect that is material to Purchaser in its reasonable discretion;

(i) By Seller, at any time following the one hundred fortieth (140th) day after the date of execution of this Agreement, if the Approval Order (i) has not been entered by the Bankruptcy Court or (ii) is then subject to a stay, or has been reversed, modified or vacated, by a court of competent jurisdiction in any respect that is material to Seller in its reasonable discretion; provided that such failure of the Approval Order to be entered or such stay, reversal, modification or vacation, as the case may be, was not caused by Seller's breach of its obligations hereunder;

(j) By Purchaser, if the Company or any other Transfer Group Company has become the subject of a case under the Bankruptcy Code or has taken any other action specified in Section 6.2(b)(xiv), which termination right must be exercised within thirty (30) days of the date on which such case is filed or such action is taken;

(k) By Purchaser, in the case of an election by Seller pursuant to clause (ii) of Section 6.13(e) after a valid delivery of a Settlement Objection Notice by Purchaser pursuant to Section 6.13; provided, however, that such termination right on the part of Purchaser is exercised within fourteen (14) days following the delivery to Purchaser of the relevant notice of Seller's election pursuant to clause (ii) of Section 6.13(e);

(l) By Purchaser, in the case of an election by Seller pursuant to clause (iv) of either Section 6.13(b) or Section 6.13(d), as the case may be, after a valid delivery of a Settlement Objection Notice or Reserve Objection Notice, as the case may be, by Purchaser pursuant to Section 6.13; provided, however, that such termination right on the part of Purchaser is exercised within fourteen (14) days following the delivery to Purchaser of the relevant notice of Seller's election pursuant to clause (iv) of Section 6.13(b) or Section 6.13(d), as the case may be;

(m) By Seller, at any time following the date that is thirty (30) Business Days following (i) the delivery by Purchaser to Seller of any notification pursuant to the first sentence of Section 6.15(b) if, as of the time of such termination, Purchaser shall not have provided Seller with evidence reasonably satisfactory to Seller that one or more alternative Debt Financing Letters or alternative financing sources, as applicable, have been obtained as contemplated in Section 6.15(b) or (ii) the delivery by Seller to Purchaser, upon Seller's reasonable belief that Purchaser may not have available at the Closing the amount of financing proceeds contemplated by the Debt Financing Letter (as in effect on the date hereof), of a request for written confirmation from Purchaser that Purchaser believes in good faith that it will have available at the Closing such amount of financing proceeds, unless by the time of such termination Purchaser shall have delivered such written confirmation to Seller.

Section 3.3 Effect of Termination. No termination of this Agreement pursuant to Section 3.2 shall be effective until written notice thereof shall be given to the non-terminating party specifying the provision(s) hereof pursuant to which such termination is made. If validly terminated pursuant to Section 3.2, this Agreement shall become wholly void and of no further force and effect, without liability to Purchaser, the Transfer Group Companies, Seller or any of their respective Subsidiaries, Affiliates or other Representatives, except that the obligations of the parties under the Deposit Escrow Agreement, and Sections 3.3, 3.4, 3.5, 3.6, 3.7, 6.6, 6.7 and Article XIII, and as necessary to effectuate the foregoing provisions Article XII, of this Agreement shall remain in full force and effect.

Section 3.4 Break-Up Fee.

(a) In the event that Seller or Purchaser validly terminates this Agreement pursuant to Section 3.2(d), Seller shall pay to Purchaser the Break-Up Fee

promptly upon such termination. Upon payment in full of the Break-Up Fee pursuant to this Section 3.4(a), the parties hereto and their Affiliates and Representatives shall, subject to Section 3.3, be fully released and discharged from all liabilities and obligations under or resulting from this Agreement, and no party shall have any other remedy or cause of action against any other party under or relating to this Agreement.

(b) In the event that this Agreement is validly terminated by Purchaser pursuant to Section 3.2(e) as a result of any willful breach by Seller of this Agreement, Seller agrees to pay to Purchaser the Break-Up Fee promptly upon such termination. In the event that the Break-Up Fee becomes payable pursuant to the immediately preceding sentence and Seller enters into an agreement with a third party (or parties) related to an Alternative Transaction (other than an agreement relating solely to a Distribution) within one (1) year after such termination of this Agreement, Purchaser shall be entitled to seek other remedies and assert causes of action to recover any damages sustained by Purchaser to the extent that the amount of such damages exceeds the Break-Up Fee; provided, however, that any such additional amount of damages recovered by Purchaser, when aggregated with the Break-Up Fee, shall not exceed the difference between (A) the aggregate consideration to be received by Seller from such third party (or parties) in connection with such Alternative Transaction pursuant to the terms thereof, less (B) the aggregate consideration that would have been received by Seller hereunder had the Closing occurred.

(c) If (i) this Agreement is validly terminated by Purchaser pursuant to Section 3.2(h) or by Seller pursuant to Section 3.2(i), and (ii) Seller enters into an agreement with a third party (or parties) related to an Alternative Transaction (other than an agreement relating solely to a Distribution) within three (3) months after such termination and such Alternative Transaction, as contemplated by such agreement, is on terms that are economically more favorable to Seller (taking into account all provisions of such Alternative Transaction) than the transaction contemplated hereby, then Seller shall pay Purchaser an amount equal to the Break-Up Fee less any amounts paid to Purchaser pursuant to Section 3.6, payable promptly upon Seller's entry into such agreement. Upon payment of the Break-Up Fee pursuant to this Section 3.4(c), subject to Section 3.3, the parties hereto and their Affiliates and Representatives shall be fully released and discharged from all liabilities and obligations under or resulting from this Agreement, and no party shall have any other remedy or cause of action against any other party under or relating to this Agreement.

(d) Any Break-Up Fee due and payable hereunder shall be paid in immediately available funds when due and shall be treated as an allowed administrative expense claim under Section 503(b)(1)(A) of the Bankruptcy Code against Seller.

(e) Notwithstanding the foregoing, (i) if the Break-Up Fee would otherwise be payable to Purchaser pursuant to this Section 3.4 and (ii) prior to the

effective date of such termination by Purchaser, Seller shall have delivered to Purchaser a valid notice of termination pursuant to Section 3.2(f) (which notice shall state Seller's intent to terminate this Agreement if the breach or untruth described in such notice is not cured within the applicable cure period provided herein), Purchaser shall not be entitled to receive the Break-Up Fee unless Purchaser shall have cured in all material respects the breach or untruth referred to in such notice prior to the valid termination of this Agreement.

Section 3.5 Deposit Funds.

(a) If this Agreement is validly terminated by Seller pursuant to Section 3.2(f) as a result of a breach by Purchaser of this Agreement, subject to the terms of the Deposit Escrow Agreement, Seller shall be entitled to receive Deposit Funds equal to $18,750,000; provided that if, prior to the effective date of such termination by Seller, Purchaser shall have delivered to Seller a valid notice of termination pursuant to Section 3.2(e) (which notice shall state Purchaser's intent to terminate this Agreement if the breach or untruth described in such notice is not cured within the applicable cure period provided herein), Seller shall not be entitled to receive Deposit Funds unless Seller shall have cured in all material respects the breach or untruth referred to in such notice prior to the valid termination of this Agreement. Upon any payment to Seller of amounts drawn under the Letter of Credit as provided in this paragraph (a), subject to Section 3.3, the parties hereto and their Affiliates and Representatives shall be fully released and discharged from all liabilities and obligations under or resulting from this Agreement, and no party shall have any other remedy or cause of action against any other party under or relating to this Agreement; provided, however, that in the event that such termination is a result of any willful breach by Purchaser of this Agreement, Seller shall also be entitled to seek other remedies or causes of action to recover any damages sustained by Seller to the extent that the amount of such damages exceeds the Deposit Funds; and provided further, however, that the aggregate amount recovered (including the Deposit Funds received) by Seller pursuant to this Section 3.5(a) shall not, under any circumstances, exceed an amount equal to the amount of the Break-Up Fee.

(b) If this Agreement is validly terminated pursuant to Section 3.2(b) and (i) the Initial Condition (as such term is used in Exhibit A to the Debt Financing Letter) set forth in clause (h) of Exhibit A to the Debt Financing Letter as in effect on the date hereof (or any clause in a subsequent Debt Financing Letter that refers only to the same matters referred to in such clause (h) and that is otherwise substantially identical to such clause (h)) has been satisfied or waived by the lender party to the Debt Financing Letter and (ii) all conditions to Purchaser's and Seller's obligations to effect the Closing have been satisfied or irrevocably waived by the party entitled to waive such conditions (other than (x) the conditions set forth in Sections 7.1(d), 7.2(d), 7.2(k), 7.3(a) and 7.3(c) and such conditions are reasonably expected to be satisfied at the Closing (other than the condition set forth in Section 7.3(a), which need not reasonably be expected to be

satisfied) and (y) the condition set forth in Section 7.2(e) and such condition is not reasonably expected to be satisfied at the Closing), then, subject to the terms of the Deposit Escrow Agreement, Seller shall be entitled to receive Deposit Funds equal to $10 million; provided that if Purchaser has, prior to the effective date of such termination, (A) obtained one or more Commitment Letters pursuant to Section 6.15 with respect to the aggregate amount of Credit Facilities and/or the Notes contemplated in the Debt Financing Letter (as in effect on the date hereof), (B) such Commitment Letter(s) is in effect as of the effective date of such termination, (C) such Commitment Letter(s) includes a termination date not earlier than the Outside Date, unless the Outside Date is more than one (1) year from the date of such Commitment Letter(s) and a Commitment Letter for more than one (1) year was not available on commercially reasonable terms and in an aggregate amount no less than that, and upon terms and conditions not materially less beneficial to Purchaser than those, set forth in the term sheets attached to the Debt Financing Letter as in effect on the date hereof (in which case, the termination date must not be less than one (1) year after the date of such Commitment Letter(s)), and (D) Seller has consented to Purchaser's execution of such Commitment Letter(s), which consent shall not unreasonably be withheld, conditioned or delayed (it being agreed, for purposes of determining whether Seller's consent to the execution by Purchaser of any Commitment Letter has been unreasonably withheld, that certain of the non-economic terms and conditions in a commitment letter customarily are less restrictive to parties such as Purchaser than such terms and conditions in a highly confident letter), Seller only shall be entitled to receive Deposit Funds equal to $5 million; provided further, however, that if the failure to satisfy the condition set forth in Section 7.2(e) was the result of a material disruption in the markets for senior and/or subordinated debt for leveraged transactions (which will be deemed to exist only if substantially all successful lending, underwriting, placement or syndication activity with respect to such debt has ceased or been suspended), Seller shall not be entitled to receive any Deposit Funds pursuant to this Section 3.5(b). Upon payment of the Deposit Funds as provided in this paragraph (b), subject to Section 3.3, the parties hereto and their Affiliates and Representatives shall be fully released and discharged from all liabilities and obligations under or resulting from this Agreement, and no party shall have any other remedy or cause of action against any other party under or relating to this Agreement.

(c) Except as specified in Section 3.5(a) and 3.5(b), upon the valid termination of this Agreement, the Letter of Credit and any Deposit Funds shall be released to Purchaser.

Section 3.6 Purchaser Expense Reimbursement. If this Agreement is terminated (a) by Purchaser pursuant to Section 3.2(e) for any breach by Seller other than a breach requiring payment of the Break-Up Fee pursuant to Section 3.4(b) above, (b) by Purchaser pursuant to Section 3.2(h) (provided that the effective date of such termination is not prior to the one hundred fortieth (140^{th}) day after the execution of this Agreement) or (c) by Seller pursuant to Section 3.2(i), Seller agrees to reimburse Purchaser for its

reasonable and documented third-party fees and expenses incurred by Purchaser in connection with this Agreement and the transactions contemplated hereby, up to an aggregate amount equal to $3,500,000 plus $500,000 for each period of thirty (30) days elapsed from the date of entry of the Bidding Procedures Order until the time of such termination; provided that if Seller shall have delivered a valid notice of termination pursuant to Section 3.2(f) (which notice shall state Seller's intent to terminate this Agreement if the breach or untruth described in such notice is not cured within the applicable cure period provided herein), the calculation of such thirty (30) day periods shall not take into account the days elapsing from the date of delivery of such notice until the breach referred to in such notice has been cured in all material respects. Notwithstanding the foregoing, if (i) an expense reimbursement payment would otherwise be payable to Purchaser pursuant to this Section 3.6 and (ii) prior to the effective date of termination by Purchaser, Seller shall have delivered to Purchaser a valid notice of termination pursuant to Section 3.2(f) (which notice shall state Seller's intent to terminate this Agreement if the breach or untruth described in such notice is not cured within the applicable cure period provided herein), Purchaser shall not be entitled to receive such expense reimbursement payment upon Purchaser's termination unless and until Purchaser shall have cured in all material respects the breach or untruth referred to in such notice prior to the valid termination of this Agreement. Any expense reimbursement obligation pursuant to this Section 3.6 shall be paid in immediately available funds by Seller to Purchaser within five (5) Business Days following the effective date of such termination and shall be treated as an allowed administrative expense claim under Section 503(b)(1)(A) of the Bankruptcy Code against Seller.

Section 3.7 Treatment of Remedies. The parties agree that amounts that may become payable pursuant to Sections 3.4, 3.5, or 3.6 are reasonable and are intended to reimburse Seller or Purchaser, as the case may be, for a portion of the expenses and other costs or harm incurred in connection with this Agreement, and are not, and are not intended to be, a penalty.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser as follows:

Section 4.1 Organization and Good Standing. Seller is an entity duly organized, validly existing and in good standing under the laws of the State of Oregon and, subject to the limitations imposed on Seller as a result of having filed a petition for relief under the Bankruptcy Code, has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted. Seller is duly qualified to transact business and is in good standing in each jurisdiction in which ownership of the Shares makes such qualification necessary except where the failure to

be so qualified does not have and would not reasonably be expected to have, individually or in the aggregate, a Seller Material Adverse Effect.

Section 4.2 Authorization of Agreement. Seller has the requisite corporate power and authority to execute this Agreement and, subject to entry of the Approval Order and, with respect to Seller's obligations under Section 3.4 and Section 3.6, the entry of the Bidding Procedures Order, to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by Seller and the consummation by Seller of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of Seller. This Agreement has been duly executed and delivered by Seller and, assuming due execution and delivery by Purchaser and the entry of the Approval Order and, with respect to Seller's obligations under Section 3.4 and Section 3.6, the entry of the Bidding Procedures Order, constitutes a valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.

Section 4.3 No Violation; Consents.

(a) Subject to receiving the consents or waivers referred to on Schedule 4.3(a) and the consents referred to in Section 4.3(b), the execution and delivery by Seller of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) violate any provision of the articles of incorporation or bylaws of Seller or any Transfer Group Company, (ii) conflict with, require the consent of a third party under, violate, result in the breach of, constitute a default under, or give rise to any right of acceleration, cancellation or termination of any right or obligation of Seller or any Transfer Group Company under any agreement or other instrument to which Seller or any Transfer Group Company is a party or by which Seller or any Transfer Group Company or any of their respective properties or assets are bound, (iii) subject to the entry of the Approval Order, and, with respect to Seller's obligations under Section 3.4 and Section 3.6, the entry of the Bidding Procedures Order, violate any Order of any Governmental Authority to which Seller or any Transfer Group Company is bound or subject, (iv) subject to the entry of the Approval Order, and, with respect to Seller's obligations under Section 3.4 and Section 3.6, the entry of the Bidding Procedures Order, violate any Applicable Law or (v) except as provided for herein, result in the imposition or creation of any Lien upon the Shares other than, in the case of clauses (ii) through (iv), any conflict, violation, breach, default, requirement for consents, rights of acceleration, cancellation, termination or Lien that would not reasonably be expected to have, individually or in the aggregate, a Seller Material Adverse Effect or Transfer Group Material Adverse Effect.

(b) Except for (i) filings as may be required under the HSR Act, (ii) the entry of the Approval Order, (iii) with respect to Seller's obligations under Section 3.4 and Section 3.6, the entry of the Bidding Procedures Order and (iv) the Seller

Required Government Approvals, no Government Approvals are required on the part of Seller or any Transfer Group Company in connection with the execution and delivery by Seller of this Agreement, or the compliance or performance by Seller with any provision contained in this Agreement, the failure of which to be obtained or made would reasonably be expected to have, individually or in the aggregate, a Seller Material Adverse Effect or a Transfer Group Material Adverse Effect.

Section 4.4 Ownership and Transfer of the Shares. Seller is the record and beneficial owner of the Shares. Seller has the requisite power and authority to sell and transfer the Shares as provided in this Agreement, and, subject to the entry of the Approval Order, such delivery will convey to Purchaser good and marketable title to such Shares, free and clear of any and all Liens in accordance with Section 363(f) of the Bankruptcy Code.

Section 4.5 Transfer Group Companies.

(a) Schedule 4.5(a) sets forth the name of each Transfer Group Company and, with respect to each such Transfer Group Company, the jurisdiction in which it is incorporated or organized, the number of shares of its authorized capital stock, the number and class of shares thereof duly issued and outstanding, the names of all holders of its voting securities and the number of shares of stock owned by each such holder of its voting securities. The outstanding shares of capital stock or equity interests of each Transfer Group Company are validly issued, fully paid and non-assessable, and all such shares or other equity interests represented as being owned by the relevant Transfer Group Company are owned by it free and clear of any and all Liens except as set forth on Schedule 4.5(a).

(b) Except as set forth on Schedule 4.5(b), there is no existing option, warrant, right, call, commitment or other agreement to which any Transfer Group Company is a party requiring, and there are no securities of any Transfer Group Company outstanding which, upon conversion, would require, the issuance, sale or transfer of any additional shares of capital stock or other equity interests of any Transfer Group Company or other securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase shares of capital stock or other equity interests of any Transfer Group Company.

(c) Each Transfer Group Company is an entity duly organized and validly existing and in good standing under the laws of the jurisdiction in which it is formed and has the requisite power and authority to own, lease and operate its properties and to carry on its business as now conducted, with such exceptions that do not have and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect. Each Transfer Group Company is duly qualified to transact business and is in good standing in each jurisdiction in which the nature of its

business or the ownership or leasing of its properties makes such qualification necessary, except where the failure to be so qualified does not have and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect.

Section 4.6 Reports and Financial Statements. The filings required to be made by the Company since January 1, 2000 under the Securities Act and the Exchange Act (the "SEC Reports") have been filed with SEC and such filings complied in all material respects with all applicable requirements of the Securities Act and the Exchange Act in effect at the time of such filings. The SEC Reports, including any financial statements or schedules included therein, at the time filed did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The audited consolidated financial statements and unaudited interim consolidated financial statements of the Transfer Group Companies that are included in the SEC Reports (the "Financial Statements") have been prepared in accordance with GAAP (except as may be indicated therein and except with respect to unaudited statements to the extent permitted by Form 10-Q of the Exchange Act) and fairly present in all material respects the consolidated financial position of the Transfer Group Companies as of the respective dates thereof and the consolidated results of operations and cash flows of the Transfer Group Companies for the respective periods then ended, subject, in the case of the interim financial statements, to normal, recurring audit adjustments. Other than the Company, since January 1, 2000, no Transfer Group Company has been required to make any filings with SEC under the Securities Act or the Exchange Act.

Section 4.7 No Undisclosed Liabilities. Except (a) as set forth on Schedule 4.7, (b) as set forth in the SEC Reports filed prior to the date hereof, or (c) as would not reasonably be expected to result in a liability to any Transfer Group Company for any single matter or any group of related matters in excess of $5 million, the Transfer Group Companies have no indebtedness, obligation or liability of any kind (whether accrued, absolute, contingent or otherwise, and whether due or to become due) that would have been required, based on information Known to Seller or the Company as of the date of execution of this Agreement, to be reflected in, reserved against or otherwise described on the Balance Sheet or in the notes thereto in accordance with GAAP, which (i) is not shown on the Balance Sheet or the notes thereto or (ii) was not incurred in the Ordinary Course of Business since September 30, 2003 or would not otherwise have been permitted pursuant to Section 6.2.

Section 4.8 Absence of Certain Developments. Except as expressly contemplated by this Agreement or as set forth on Schedule 4.8 or as described in the SEC Reports filed prior to the date hereof, since the Balance Sheet Date, the Transfer Group Companies have conducted their business in the Ordinary Course of Business and

there has not been (i) any change, condition, event or occurrence that does have or would reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect, (ii) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any Transfer Group Company's capital stock, (iii) any split, combination or reclassification of any Transfer Group Company's capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for, shares of any Transfer Group Company's capital stock, (iv) other than in the Ordinary Course of Business, (A) any incurrence or guarantee of indebtedness for borrowed money or variation of the material terms of any existing debt securities or (B) any issuance, sale or transfer of, or any agreement to issue, sell or transfer, any stock, bond, debenture or other security of the Transfer Group Companies, or any debt securities or any guarantee of any debt securities of any Person, (v) except insofar as may have been required by a change in GAAP and set forth in Schedule 4.8, any change in accounting methods, principles or practices or (vi) any making of a loan, advance or capital contribution to or investments in any Person by any Transfer Group Company other than (x) loans, advances or capital contributions to or investments in wholly-owned Subsidiaries or (y) loans, advances or capital contributions or investments in the Ordinary Course of Business.

Section 4.9 Employee Benefits.

(a) Schedule 4.9(a) sets forth a list of all material "employee benefit plans," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), sponsored or maintained by any Transfer Group Company or to which any Transfer Group Company contributes or is obligated to contribute thereunder with respect to current or former officers, directors or employees of the Transfer Group Companies (the "Employee Benefit Plans").

(b) Except as already described on Schedule 4.9(a), Schedule 4.9(b) sets forth a list of all material bonus plans, employment, change in control, consulting or other compensation agreements, incentive, equity or equity-based compensation, deferred compensation arrangements, stock purchase, severance pay, sick leave, vacation pay, salary continuation, disability, hospitalization, medical insurance, life insurance, or scholarship programs or any other employee benefit plan, program or arrangement sponsored or maintained by any Transfer Group Company or to which any Transfer Group Company contributes or is required to contribute thereunder with respect to current or former officers, directors or employees of the Transfer Group Companies, or with respect to which any Transfer Group Company may have liability (together with the Employee Benefit Plans, the "Plans").

(c) Copies of the following documents, to the extent applicable with respect to each of the Plans have been made available to Purchaser: (i) any plan and related trust documents, and all amendments thereto, (ii) Forms 5500 for the most recent

three (3) years and schedules thereto, (iii) financial statements and actuarial valuations for the most recent three (3) years, (iv) the most recent IRS determination letter and the most recent submission for a determination letter, (v) the most recent summary plan descriptions, and (vi) written descriptions of all non-written Plans.

(d) Except as set forth on Schedule 4.9(d) or in the SEC Reports filed prior to the date hereof, each Plan conforms in form to all Applicable Laws (including ERISA and the Code) and each Plan has been maintained in accordance with its terms and all provisions of Applicable Law, except where the failure to do so does not have and would not reasonably be expected to have, individually or in the aggregate, a Seller Material Adverse Effect or Transfer Group Material Adverse Effect.

(e) Except as set forth on Schedule 4.9(e), no Plan is a "multi-employer pension plan," as defined in Section 3(37) of ERISA, nor is any Plan a plan described in Section 4063(a) of ERISA. During the six (6) years immediately prior to the Closing, no Transfer Group Company has incurred or experienced an event that could or has given rise to a withdrawal liability under Section 4201, 4063 or 4064 of ERISA or any actual or contingent liability under Section 4201 of ERISA except for any such liability that does not have and would not reasonably be expected to have a Seller Material Adverse Effect or Transfer Group Material Adverse Effect.

(f) Except as set forth on Schedule 4.9(f) or in the SEC Reports filed prior to the date hereof, and except as has not had and would not reasonably be expected to have a Seller Material Adverse Effect or Transfer Group Material Adverse Effect, with respect to each Plan subject to Title IV of ERISA, (i) no Plan has incurred an accumulated funding deficiency within the meaning of Section 412 of the Code whether or not waived, (ii) the assets of the Transfer Group Companies are not subject to any Lien imposed under Code Section 412(n) or ERISA Section 302 by reason of a failure of any Transfer Group Company or any ERISA Affiliate to make timely installments or other payments required under Code Section 412 and (iii) there has been no "reportable event," as defined in Section 4043(6) of ERISA, other than a reportable event for which notice has been waived.

(g) Except as set forth on Schedule 4.9(g) or in the SEC Reports filed prior to the date hereof, with respect to each Plan and except as does not have and would not reasonably be expected to have a Seller Material Adverse Effect or Transfer Group Material Adverse Effect, (i) each Plan which is an "employee pension benefit plan" (as defined in Section 3(2) of ERISA) and intended to qualify under Section 401 of the Code has received a favorable determination letter from IRS with respect to such qualification; (ii) there are no actions, suits or claims pending (other than routine claims for benefits) or, to the Knowledge of Seller, threatened with respect to any Plan or against the assets of any Plan; and (iii) no Plan is under audit or is the subject of an investigation by IRS, the

Department of Labor, PBGC or any other federal or state governmental agency, nor, to the Knowledge of Seller, is any such audit or investigation pending or threatened.

(h) Except as set forth in Schedule 4.9(h) or in the SEC Reports filed prior to the date hereof, the consummation of the transactions contemplated by this Agreement (alone or together with any other event which, standing alone, would not by itself trigger such entitlement or acceleration) will not (i) entitle any Person to any benefit under any Plan or (ii) accelerate the time of payment or vesting, or increase the amount, of any compensation due to any Person under any Plan.

(i) Except as set forth in Schedule 4.9(i) or in the SEC Reports filed prior to the date hereof, no Transfer Group Company has any liability with respect to an obligation to provide benefits, including death or medical benefits (whether or not insured) with respect to any Person beyond their retirement or other termination of service, other than coverage mandated by Part 6 of Title I of ERISA or Section 4980B of the Code.

Section 4.10 Taxes.

(a) Except as set forth on Schedule 4.10(a), all material Tax Returns required to be filed by, or with respect to, the Transfer Group Companies have been filed and all Taxes that were shown to be due on such Tax Returns have been paid;

(b) Except as set forth on Schedule 4.10(b), Seller has given, or otherwise made available to Purchaser, copies of those portions of all Tax Returns, examination reports and statements of deficiencies relating to any of the Transfer Group Companies for periods ending, or transactions consummated, after July 2, 1997;

(c) Except as set forth on Schedule 4.10(c), there are no outstanding agreements extending, tolling or waiving the statutory period of limitation applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from the Transfer Group Companies for any taxable period and no power of attorney is currently in force with respect to any matter relating to Taxes of the Transfer Group Companies that does have or would reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect;

(d) Except as set forth on Schedule 4.10(d), there are no Liens for Taxes upon the assets or properties owned by the Transfer Group Companies, except for statutory Liens for current Taxes not yet delinquent;

(e) Except as set forth on Schedule 4.10(e), none of the Transfer Group Companies has ever been a member of an affiliated group of corporations that filed a consolidated federal income tax return with Seller;

(f) Except as set forth on Schedule 4.10(f) or in the SEC Reports filed prior to the date hereof, none of the Transfer Group Companies has any liability for the Taxes of any Person (other than any of the Transfer Group Companies) as defined in section 7701(a)(1) of the Code or under Treasury regulation section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, or otherwise, that does have or would reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect.

(g) Seller is not a foreign person within the meaning of Section 1445 of the Code; and

(h) Except as set forth on Schedule 4.10(h), each of the Transfer Group Companies has complied in all material respects with all Applicable Laws relating to the payment and withholding of Taxes and has duly and timely withheld all material amounts required to be withheld from employee salaries, wages and other compensation and has paid to the appropriate taxing authorities all such amounts required to be so withheld and paid over for all periods under all Applicable Laws.

Section 4.11 Labor.

(a) Except as set forth on Schedule 4.11(a) or in the SEC Reports filed prior to the date hereof, none of the Transfer Group Companies is a party to any labor or collective bargaining agreement, there are no labor or collective bargaining agreements that pertain to employees of the Transfer Group Companies and no labor unions or other organizations represent, purport to represent or are attempting to represent any employee of any Transfer Group Company. Except as does not have and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect, each Transfer Group Company has complied with the terms of each labor or collective bargaining agreement set forth on Schedule 4.11(a).

(b) Except as set forth on Schedule 4.11(b) or in the SEC Reports filed prior to the date hereof, there are no pending, or to the Knowledge of Seller, threatened strikes, work stoppages, slowdowns, lockouts or arbitrations against any of the Transfer Group Companies which does have or would reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect. Except as set forth on Schedule 4.11(b) or in the SEC Reports filed prior to the date hereof, there are no pending, or to the Knowledge of Seller, threatened unfair labor practice charges, grievances or complaints filed with any Governmental Authority based on the employment or termination by any Transfer Group Company of any individual that would reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect.

Section 4.12 Litigation. Except as set forth on Schedule 4.12 or in the SEC Reports filed prior to the date hereof and except for the matters pending in the Bankruptcy Cases, there is no Action or Order pending, or to Seller's Knowledge, overtly threatened, against Seller or any Transfer Group Company that (a) seeks to restrain or prohibit or otherwise challenge the consummation, legality or validity of the transactions contemplated hereby, (b) that has resulted, or would reasonably be expected to result, in liability to any Transfer Group Company for any single matter or any group of related matters in excess of $5 million or (c) or otherwise seeks declaratory or equitable relief that would reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect.

Section 4.13 Compliance with Laws; Permits. Except with respect to Environmental Laws, which are addressed in Section 4.14, and except as set forth on Schedule 4.13 or in the SEC Reports filed prior to the date hereof, each of the Transfer Group Companies is, and has been since January 1, 2000, in compliance with all Applicable Laws except for such non-compliances as does not have and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect. Except as set forth in Schedule 4.13, there are no unresolved notices of deficiency or charges of violation with respect to the matters covered by this Section 4.13 brought or, to the Knowledge of Seller, threatened or pending, against any of the Transfer Group Companies, which does have or would reasonably be expected to have a Transfer Group Material Adverse Effect. Each of the Transfer Group Companies has all Permits from any Governmental Authority that are required to operate its respective business, except for those the absence of which does not have and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect. Except as set forth on Schedule 4.13, Seller has not been notified that any Permit will not be granted prior to the time when needed, free from any terms and conditions that would require changes in the assets or conduct or the business and operations of any of the Transfer Group Companies that would be material to the Transfer Group Companies, taken as a whole.

Section 4.14 Environmental Matters. To Seller's Knowledge, except as set forth on Schedule 4.14 or in the SEC Reports filed prior to the date hereof and except for facts, circumstances or conditions that do not have and would not be reasonably expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect:

(a) The operations of the Transfer Group Companies are in compliance with all Environmental Laws, which compliance includes the possession and maintenance of, and compliance with, all Permits required under all applicable Environmental Laws;

(b) None of the Transfer Group Companies is the subject of any outstanding Order with any Governmental Authority respecting Environmental Laws;

(c) There are no investigations of the business, operations, or currently or previously owned, operated or leased property of the Transfer Group Companies pending or threatened that could reasonably be expected to result in the Transfer Group Companies incurring any liability pursuant to any Environmental Law; and

(d) None of the Transfer Group Companies are subject to any pending or threatened Action, whether judicial or administrative, alleging noncompliance with or potential liability under any Environmental Law.

Section 4.15 Insurance. Set forth on Schedule 4.15 is a list of all material policies of insurance that are currently in effect under which any Transfer Group Company's assets or business activities are covered. All premiums required to be paid with respect to such material policies covering all prior periods have been paid. Except as set forth on Schedule 4.15, all such policies are in full force and effect and none of Seller or any Transfer Group Company is in default thereunder, and none of Seller or any Transfer Group Company has received any notice of cancellation or termination with respect to any such policy, except where such failures, defaults or notices do not have, and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect. None of the insurance policies set forth on Schedule 4.15 shall terminate or lapse as a result of the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except as set forth on Schedule 4.15 or except where such terminations or lapses do not have, and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect. To Seller's Knowledge, (i) there are no claims pending as of the date hereof under any of such policies where underwriters have reserved their rights or disclaimed coverage under such policy, (ii) such insurance is of such types, covers such risks and is maintained with amounts and deductibles and/or self-insured retentions as are customarily maintained by entities engaged in business of the same type and size as such Transfer Group Company and (iii) the Transfer Group Companies have not, in aggregate, filed claims in an amount equal to or in excess of the maximum amount of coverage under such insurance policies.

Section 4.16 Material Contracts.

(a) Except (x) as set forth on Schedule 4.16(a), (y) for those contracts that are referred to in the index attached hereto as Exhibit B or (z) for contracts attached (or incorporated by reference) as exhibits to the Company's annual report filed on Form 10-K for the year ended December 31, 2002, the Company and its Subsidiaries are not on the date hereof a party to or subject to any oral or written contract or binding commitment:

(i) not fully performed for the purchase for its own account of any material, services or equipment, including fixed assets, with remaining payment or series of payments in excess of $5 million;

(ii) with respect to any disposition of any material asset or business for consideration in excess of $5 million;

(iii) with respect to any partnership, joint venture or similar arrangement containing a commitment to fund, loan, or pay amounts in excess of $5 million;

(iv) with respect to any consulting or business management agreement providing for guaranteed annual compensation (including base salary and annual bonus) in respect of any of calendar years 2003, 2004 or 2005 in excess of $1 million and that cannot be terminated on thirty (30) days notice without penalty or other future obligation;

(v) with respect to any indenture, mortgage, promissory note, loan agreement, guaranty or other agreement or commitment for the borrowing of money by the Company in excess of $5 million in the aggregate;

(vi) that creates future payment obligations of the Company in excess of $5 million in the aggregate and that by its terms does not or cannot be terminated by the Company on less than 180 days notice without penalty or other future obligation; or

(vii) (A) that is a "material contract," as that term is defined in Item 601(b)(10) of Regulation S-K of SEC, or (B) that is otherwise material to the Company and its Subsidiaries, taken as a whole and has been entered into outside of the Ordinary Course of Business.

(b) Schedule 4.16(b) sets forth, as of the date hereof, a list of all material Related Party Contracts.

(c) Each Material Contract is a valid and binding obligation of at least one Transfer Group Company and each other party thereto, and is enforceable against the Transfer Group Company and each other party thereto, in accordance with its terms, except (i) to the extent that such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally, subject to general principles of equity, and (ii) for such failures to be valid, binding and enforceable that does not have and would not be reasonably expected to have a Transfer Group Material Adverse Effect.

(d) Neither the Transfer Group Companies, nor to Seller's Knowledge, any other party thereto, is in default under any of the Material Contracts, except in each case for such defaults which do not have and would not be reasonably expected to have a Transfer Group Material Adverse Effect. No proceeding, event or condition has occurred or exists or is alleged by any party to have occurred or exist, that, with notice and/or lapse of time, would constitute a default by any of the parties thereto of their respective obligations under a Material Contract (or would give rise to any right of termination or cancellation), except as does not have and would not reasonably be expected to have a Transfer Group Material Adverse Effect. None of the Transfer Group Companies, nor any other party to any Material Contract, has breached or provided any written notice of an intent to breach, any provision thereof, which breach does not have and would not reasonably be expected to have a Transfer Group Material Adverse Effect.

(e) Except as set forth on Schedule 4.16(a) Seller has made available to Purchaser true and correct copies of all Material Contracts referred to in the index attached hereto as Exhibit B.

Section 4.17 Financial Advisors. Except as set forth on Schedule 4.17, no Person has acted, directly or indirectly, as a broker, finder or financial advisor for Seller in connection with the transactions contemplated by this Agreement and neither Purchaser nor any Transfer Group Company is or will become obligated to pay any fee or commission or like payment to any broker, finder or financial advisor as a result of the consummation of the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller or any Affiliate of Seller.

Section 4.18 Absence of Certain Practices. None of the Transfer Group Companies or any director, officer, agent, employee or other Person acting on their behalf has used any corporate or other funds for unlawful contributions, payments, gifts or entertainment, or made any unlawful expenditures relating to political activity to, or on behalf of, governmental officials or others or accepted or received any unlawful contributions, payments, gifts or expenditures, except for any such activity in each case as does not have and would not reasonably be expected individually or in the aggregate to result in a Seller Material Adverse Effect or Transfer Group Material Adverse Effect.

Section 4.19 Regulation as a Utility. The Company is subject to regulation as a "public utility" pursuant to the laws of the State of Oregon and is subject to regulation by FERC as a "public utility" pursuant to Part II of the Power Act. As of the date hereof, the Company (a) is not subject to regulation as a public utility, public utility holding company or public service company (or similar designation) by any other state or by any foreign country and (b) is a subsidiary of Seller, which is exempt, pursuant to Section 3(c) of PUHCA, based on the filing of good faith applications for exemption under Section 3(a) of PUHCA.

Section 4.20 Status of the Company Nuclear Facility. Except as set forth in Schedule 4.20, the operation of the Company Nuclear Facility and the operations related to decommissioning of the Company Nuclear Facility have at all times been conducted in compliance with applicable health, safety, regulatory and other legal requirements, except where such failures to be so in compliance does not have and would not reasonably be expected have, individually or in the aggregate, a Transfer Group Material Adverse Effect. Such legal requirements include, but are not limited to, NRC license for the Trojan Nuclear Plant pursuant to 10 C.F.R. Part 50, NRC license for the Trojan Independent Spent Fuel Storage Installation of Nuclear Fuel and High-Level Radioactive Waste (ISFSI) pursuant to 10 C.F.R. Part 72 and Siting Statutes of the State of Oregon at ORS 469.320 (formerly Section 4 of Chapter 609, Oregon Laws of 1971) (the term "Company Nuclear Facility" includes both the Trojan Nuclear Plant and the Trojan ISFSI Facility). Seller has provided to Purchaser true and correct copies of all material outstanding notices of violation or material requests for information from NRC or any other agency with jurisdiction over such Company Nuclear Facility. Neither the operations of the Company Nuclear Facility nor the operations related to decommissioning of the Company Nuclear Facility are the subject of any outstanding notices of violation or requests for information from NRC or any other agency with jurisdiction over such facility except where the subject of such notices or requests does not have and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect. Seller has provided to Purchaser true and correct copies of all emergency plans designed to protect the health and safety of the public in the event of an unplanned release of radioactive materials from the Company Nuclear Facility. The Company maintains, and is in compliance with, emergency plans designed to protect the health and safety of the public in the event of an unplanned release of radioactive materials from the Company Nuclear Facility, and NRC has determined that such plans are in compliance with its requirements, except where such failures to be so in compliance does not have and would not reasonably be expected have, individually or in the aggregate, a Transfer Group Material Adverse Effect. Liability insurance to the full extent required by Applicable Law for non-operating nuclear facilities and consistent with Seller's view of the risks inherent in the decommissioning of the Company Nuclear Facility remains in full force and effect regarding such facility, and the amount of such liability insurance has been approved by NRC. Seller has provided to Purchaser true and correct copies of all material plans for the decommissioning of the Company Nuclear Facility, and for the storage of spent nuclear fuel. Plans for the decommissioning of the Company Nuclear Facility, and for the storage of spent nuclear fuel, conform with the requirements of Applicable Law, and the Company has adequately funded such plans to the extent required by Applicable Law. The Decommissioning Plan is a true and correct copy of the decommissioning plan approved by NRC and the Oregon Office of Energy, which plan has been amended through Revision 17 as permitted by Applicable Laws. The Trojan co-owners, the Company, the City of Eugene (acting by and through the Eugene Water & Electric Board) and PacifiCorp (collectively, the "Trojan Co-Owners"), have severally agreed to

fund their shares of all decommissioning costs relating to Trojan, and neither Seller nor Company, nor any of the Transfer Group Companies, has Knowledge that the Trojan Co-Owners will not fund such decommissioning costs in the future. The Trojan ISFSI Final Safety Analysis Report is a true and correct copy of the safety plan submitted to NRC in accordance with NRC requirements. Seller has no intention of varying Company's operations from those described in the Decommissioning Plan and the Trojan ISFSI Final Safety Analysis Report and neither Seller nor Company has any other material commitments (whether written or oral) to Governmental Authorities with respect to the Company Nuclear Facility.

Section 4.21 Intellectual Property. Except as does not have and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect, each of the Transfer Group Companies owns or possesses the rights to use, and is in compliance with, all intellectual property that is used or required by it in the conduct of its business. Except as set forth on Schedule 4.21, all such intellectual property is in full force and effect and will not cease to be in full force and effect in accordance with its terms by virtue of the consummation of the transactions contemplated by this Agreement, except where such failures do not have and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect. The use of any intellectual property by and of the Transfer Group Companies does not infringe on, or otherwise violate, the rights of any Person and is in accordance with any applicable license pursuant to which the Transfer Group Company acquired the right to use such intellectual property, except where such infringement, violation or failure to be in accordance does not have and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect. Except as set forth in Schedule 4.21, none of the Transfer Group Companies has received any notice of (written or otherwise), (i) any challenge to the ownership of or validity or effectiveness of any license for the use of any intellectual property owned or used by any Transfer Group Company or (ii) any claim against the use by any Transfer Group Company of any intellectual property owned or used by it, except where such challenges or claims do not have and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect.

Section 4.22 Real Property.

(a) Set forth in Schedule 4.22(a) is (i) a complete list of all material real property (the "Owned Property") owned by the Company or any of its Subsidiaries, (ii) a complete list of all material real property with respect to which the Company or any of its Subsidiaries is lessee, sublessee, licensee or other occupant or user (the "Leased Property," and together with the Owned Property, the "Real Property") and (iii) a list of each material agreement pursuant to which any party other than a Transfer Group Company occupies all or any part of any Owned or Leased Property. A true and complete copy of each such lease, sublease or other occupancy agreement together with

all amendments and modifications (each a "Real Property Lease") were made available to Purchaser.

(b) With respect to the Real Property Leases, no breach or event of default has occurred or is continuing, except where such breach or default has not had and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect. Except as set forth in Schedule 4.22(b) or as would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect, the transactions contemplated by this Agreement insofar as they are related to any Real Property do not require the consent of any party.

(c) Each Transfer Group Company has good and marketable title in fee simple to the Owned Property and a valid lease, license or right to use the Leased Property, in each case free and clear of any Liens, other than (i) Permitted Exceptions and (ii) where such impairment to title does not have and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect.

(d) The improvements located on the Real Property are in good operating condition and repair, ordinary wear and tear excepted, and are adequate for the uses to which they are being put, except as do not have and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect.

Section 4.23 Seller Guarantees. Except as set forth on Schedule 4.23, there are no Seller Guarantees that will require Purchaser to take any action pursuant to Section 6.16.

Section 4.24 Pre-Signing Settlements and Reserves. The Pre-Signing Settlement amount equals or exceeds $31,000,000.

Section 4.25 Limitation of Representations and Warranties. Except for the representations and warranties set forth in this Agreement, Seller is not making any other representations or warranties, written or oral, statutory, express or implied, concerning the Shares, or the business, assets or liabilities of the Transfer Group Companies. PURCHASER ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER HAS NOT MADE, AND SELLER HEREBY EXPRESSLY DISCLAIMS AND NEGATES, AND PURCHASER HEREBY EXPRESSLY WAIVES, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, RELATING TO THE ACCURACY, COMPLETENESS OR MATERIALITY OF ANY INFORMATION, DATA OR OTHER MATERIALS (WRITTEN OR ORAL) HERETOFORE FURNISHED TO PURCHASER AND ITS REPRESENTATIVES BY OR ON BEHALF OF SELLER (INCLUDING, WITHOUT LIMITATION, (I) INFORMATION SET FORTH IN THE CONFIDENTIAL

INFORMATION MEMORANDUM, DATED AUGUST 2002, AND (II) ANY FINANCIAL PROJECTION OR FORECAST RELATING TO THE BUSINESS, ASSETS OR LIABILITIES OF ANY OF THE TRANSFER GROUP COMPANIES).

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller as follows:

Section 5.1 Organization and Good Standing. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of Oregon.

Section 5.2 Authorization of Agreement. Purchaser has the requisite power and authority to execute this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated by this Agreement have been duly authorized by all necessary action on the part of Purchaser. This Agreement has been duly executed and delivered by Purchaser and, assuming due execution and delivery by Seller, constitutes a valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms.

Section 5.3 No Violation; Consents.

(a) Except as set forth on Schedule 5.3(a) and subject to receiving the Purchaser Required Government Approvals, the execution and delivery by Purchaser of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) violate any provision of the limited liability company agreement or other constituent documents of Purchaser, (ii) conflict with, require the consent of a third party under, violate, result in the breach of, constitute a default under, or give rise to any right of acceleration, cancellation or termination of any material right or obligation of Purchaser under any material agreement or other instrument to which Purchaser is a party or by which Purchaser or any of its properties or assets are bound, (iii) violate any Order of any Governmental Authority to which Purchaser is bound or subject, or (iv) violate any Applicable Law, other than, in the case of clauses (ii) through (iv), any conflict, violation, breach, default, requirement for consents, rights of acceleration, cancellation, termination or Lien that would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

(b) Except for filings as may be required under the HSR Act and for any Purchaser Required Government Approvals, no Government Approvals are required on the part of Purchaser in connection with the execution and delivery of this Agreement, or the compliance or performance by Purchaser with any provision contained in this

Agreement, the failure of which to be obtained or made would reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

Section 5.4 Litigation. There is no Action or Order pending or, to the Knowledge of Purchaser, overtly threatened, against Purchaser or any of its Affiliates or Subsidiaries that seeks to restrain or prohibit or otherwise challenge the consummation, legality or validity of the transactions contemplated hereby or which has or would reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

Section 5.5 Investment Intention. Purchaser is acquiring the Shares for its own account, for investment purposes only and not with a view to the distribution (as such term is used in Section 2(a)(11) of the Securities Act of 1933, as amended (the "Securities Act")), thereof. Purchaser understands that the Shares have not been registered under the Securities Act and cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is available.

Section 5.6 Financial Capability. Purchaser has, or will have on the Closing Date, cash and cash equivalents in the amount of $525,000,000, representing the portion of the Purchase Price to be funded by one or more equity investments in Purchaser (the "Equity Funds"). Prior to or on the date hereof, Purchaser has delivered to Seller true and complete copies of (i) an equity financing commitment letter or letters from TPG III and TPG IV to provide the Equity Funds (the "Equity Financing Letter") and (ii) one or more "highly confident" letters from Credit Suisse First Boston LLC with respect to debt financing in form and substance as attached hereto as Exhibit C, in an aggregate amount not less than $1,150,000,000. Such "highly confident" letter or letters, together with any amendments, supplements or replacements thereto (including any Commitment Letter obtained pursuant to Section 6.15) obtained by Purchaser from time to time are referred to herein collectively as the "Debt Financing Letter," and together with the Equity Financing Letter, the "Financing Letters." Purchaser has no Knowledge as of the date hereof of any facts or circumstances that would cause Purchaser to be unable to obtain financing in accordance with the terms of the Financing Letters.

Section 5.7 Purchaser Structure. As of the date hereof, Purchaser intends that, at the time of Closing, (i) it will be structured as set forth in the term sheet attached hereto as Exhibit D, (ii) the person identified in Schedule 5.7 will serve as one of the Managing Members of Purchaser, possessing the powers, rights and obligations described in Exhibit D, (iii) no Managing Member of Purchaser will be a present or former officer, director, employee or partner of TPG III, TPG IV or their Affiliates and (iv) all Managing Members of Purchaser will have significant business or other appropriate experience.

Section 5.8 Financial Advisors. Except for Credit Suisse First Boston LLC, no Person has acted, directly or indirectly, as a broker, finder or financial advisor for Purchaser in connection with the transactions contemplated by this Agreement and no Person is entitled to any fee or commission or like payment in respect thereof.

ARTICLE VI

COVENANTS

Section 6.1 Access to Information. Prior to Closing, each of Seller and the Company shall, and shall cause the Transfer Group Companies to, permit Purchaser and its Representatives (including its legal advisors and accountants) to have reasonable access, during normal business hours and upon reasonable advance notice, to the properties, books, records and personnel of the Transfer Group Companies; provided that in no event shall Seller, the Company or any other Transfer Group Company be obligated to provide (i) access or information in violation of Applicable Law, (ii) except to the extent provided in the Bidding Procedures Order, access to or information concerning bids, letters of intent, expressions of interest or other proposals received from third parties in connection with the transactions contemplated by this Agreement and information and analysis relating to such communications or (iii) any information, if Seller receives advice of outside counsel to Seller and/or the Company in the relevant proceeding, that disclosure of such information would materially jeopardize any privilege available to Seller, any of the Transfer Group Companies or any of their respective Affiliates, relating to such information or would cause Seller, any of the Transfer Group Companies or any of their respective Affiliates to breach in any material respect a confidentiality obligation to which it is bound. Seller and the Company shall use their reasonable best efforts to mitigate the effects of the restrictions addressed in clause (iii) of the immediately preceding sentence upon Purchaser's ability to obtain information and shall take all such reasonable measures (including without limitation instructing their respective counsel in the relevant proceedings to consult with Purchaser's counsel, entering into one or more joint defense or common interest agreements with Purchaser and seeking waivers of applicable confidentiality agreements) to permit the greatest possible disclosure of information to Purchaser and/or its counsel consistent with preservation of privilege. In connection with such access, Purchaser's Representatives shall cooperate with Seller's and the Transfer Group Companies' Representatives and shall use their reasonable best efforts to minimize any disruption of the business of Seller and the Transfer Group Companies. Purchaser agrees to abide by the terms of the Purchaser Confidentiality Agreement and any reasonable safety rules or rules of conduct imposed by the relevant Transfer Group Company or Seller with respect to such access and any information furnished to it or its Representatives pursuant to this Section 6.1.

Section 6.2 Conduct of the Business Pending the Closing.

(a) Except as otherwise expressly contemplated by this Agreement and the schedules attached hereto or with the prior written consent of Purchaser, the Company shall and Seller shall cause the Transfer Group Companies to (subject to the limitations imposed on Seller as a result of having filed petitions for relief under the Bankruptcy Code) use their reasonable best efforts to conduct their respective businesses in all material respects in the Ordinary Course of Business, and preserve and maintain in all material respects the present business operations, organization and goodwill of the Transfer Group Companies. For the avoidance of doubt, the foregoing shall not require Seller or any of the Transfer Group Companies to make any payments, incur any costs or enter into or amend any contractual arrangements, agreements or understandings, unless such payment, incurrence or other action is required by Applicable Law, by contractual obligation with such third parties or to operate such business in the Ordinary Course of Business.

(b) Except as otherwise expressly contemplated by this Agreement or with the prior written consent of Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed), each of Seller and the Company shall not, in the case of Seller, subject to the limitations imposed on Seller as a result of having filed petitions for relief under the Bankruptcy Code, and shall cause each Transfer Group Company not to:

(i) except as otherwise permitted under Section 6.2(c), declare, set aside, make or pay any dividend or other distribution in respect of the capital stock of the Transfer Group Companies or repurchase, redeem or otherwise acquire any outstanding shares of the capital stock or other securities of, or other ownership interests in, the Transfer Group Companies;

(ii) except as otherwise permitted under Section 6.2(c), transfer, issue, sell or dispose of any shares of capital stock or other equity securities of the Transfer Group Companies or grant options, warrants, calls or other rights to purchase or otherwise acquire shares of the capital stock or other equity securities of the Transfer Group Companies;

(iii) except as otherwise permitted under Section 6.2(c), effect any recapitalization, reclassification, stock split or like change in the capitalization of the Transfer Group Companies;

(iv) amend the certificate of incorporation or bylaws of any Transfer Group Company in any way; provided, however, that the Company may (i) restate its articles of incorporation in a manner that does not effect any substantive modifications to the provisions thereof and (ii) effect amendments to its bylaws that are not material and that are intended to reflect changes in Applicable Law.

(v) except as provided under the Portland General Holdings, Inc. Involuntary Severance Plan, as set forth on Schedule 6.2(b)(v) or as would not create or increase any Liability of any Transfer Group Company beyond any amount reflected on the Balance Sheet, (A) increase the annual level of compensation of any employee of a Transfer Group Company (other than increases in the Ordinary Course of Business), (B) grant any unusual or extraordinary bonus, benefit or other direct or indirect compensation to any employee, director or consultant of the Transfer Group Companies, (C) other than in the Ordinary Course of Business, increase the coverage or benefits available under any, or, except as permitted under clause (D), create any new, severance pay, termination pay, vacation pay, company awards, salary continuation for disability, sick leave, deferred compensation, bonus or other incentive compensation, insurance, pension or other employee benefit plan or arrangement made to, for, or with any employee, director or officer of the Transfer Group Companies or otherwise materially modify or amend or terminate any such plan or arrangement, or (D) other than in the Ordinary Course of Business, enter into, or amend any existing, employment, deferred compensation, severance, consulting, or similar agreement to which any Transfer Group Company is or would be a party or involving a director, officer or employee of the Transfer Group Companies; provided that no such agreement (i) shall provide for a term in excess of one (1) year, or in the case of an amendment to any such agreement, increase an existing term by more than one (1) year, or (ii) increase compensation or other payments in excess of $300,000, or, in the case of an amendment to any such agreement, materially increase compensation if such compensation exceeds $300,000 per year;

(vi) except as set forth on Schedule 6.2(b)(vi), and except for (A) trade payables, (B) indebtedness under any line of credit existing as of the date hereof or any new line of credit established to refinance any such existing line of credit (provided that the aggregate principal amount at any time outstanding under all lines of credit shall not be greater than the aggregate principal amount that could be borrowed under all lines of credit as of the date hereof plus $50 million, and provided further that with respect to any such refinanced line of credit, the expiration of the line of credit refinanced thereunder shall not be materially shorter than the expiration of the line of credit so refinanced), (C) long-term indebtedness for borrowed money incurred after the date hereof in an aggregate principal amount outstanding at any time not to exceed $150 million (provided that, to the extent such indebtedness is used to refinance outstanding indebtedness, the scheduled maturities of amounts borrowed shall not be materially shorter than the scheduled maturities of the indebtedness so refinanced), (D) other indebtedness for borrowed money and guarantees incurred after the date hereof in an aggregate principal amount not to exceed $5 million at any time, and (E) indebtedness incurred to refinance

indebtedness outstanding on the date hereof or otherwise permitted under this Section 6.2(b)(vi) (provided that, except as provided in clause (B) and (C) above, the aggregate principal amount of such refinancing indebtedness shall not be greater than the aggregate principal amount of the indebtedness so refinanced, and provided further that with respect to any such refinancing indebtedness, the scheduled maturities of amounts borrowed shall not be materially shorter than the scheduled maturities of the indebtedness so refinanced), (1) incur or assume any long-term or short-term indebtedness (other than trade payables), (2) issue any debt securities, (3) issue or assume any obligations as the deferred purchase price of property, conditional sale obligations or any obligations under any title retention agreement (other than trade accounts payable in the Ordinary Course of Business), (4) enter into any capital leases, operating leases, or any synthetic or off-balance sheet leases or any agreement for the use or possession of property creating obligations that, in the case of any item covered by this clause (4), do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person, or (5) become the guarantor, surety, endorser or otherwise liable for any debt, obligation or liability (contingent or otherwise) of any Person other than a Transfer Group Company in connection with obligations otherwise permitted hereunder (obligations of the types referred to in clauses (1) through (5) above are referred to herein collectively as "Restricted Indebtedness"); provided that, notwithstanding anything in this Agreement to the contrary (including anything in the foregoing clauses or the schedules hereto), as of the Closing, the sum of (w) the aggregate amount of all Restricted Indebtedness of the Transfer Group Companies then outstanding, plus (x) the stated value of the Company's preferred stock and all accrued and unpaid dividends thereon, less (y) the Transfer Group Companies' cash on hand, less (z) the amount of cash dividends paid by the Company to Seller from and after the date hereof, shall not exceed $900 million in the aggregate;

(vii) except as set forth on Schedule 6.2(b)(vii), (x) subject the Shares to any Lien, or (y) subject any of the material properties or assets (whether tangible or intangible) of the Transfer Group Companies to any Lien other than, in the case of this clause (y), Permitted Exceptions; provided that notwithstanding anything in this Section 6.2 to the contrary, at the Closing, the Shares shall be delivered to Purchaser free and clear of any and all Liens (other than Liens created by Purchaser) in accordance with Section 363 of the Bankruptcy Code;

(viii) except as set forth on Schedule 6.2(b)(viii) or as otherwise permitted pursuant to this Section 6.2(b), (A) acquire any properties or assets other than in the Ordinary Course of Business, except for such acquisitions of properties or assets with a fair market value of up to $10 million in the aggregate or (B) sell, assign, transfer, convey, lease or otherwise dispose of any of the

material properties or assets of the Transfer Group Companies other than in the Ordinary Course of Business, except for any such dispositions of properties or assets with a fair market value of up to $10 million in the aggregate;

(ix) enter into or terminate prior to its stated expiration any labor or collective bargaining agreement of the Transfer Group Companies; provided that nothing in this Section 6.2(b)(ix) shall prohibit any of the Transfer Group Companies from extending any collective bargaining agreement that otherwise would expire, or from entering into a new collective bargaining agreement in connection with any such expiration; provided that any such agreements do not have, and would not reasonably be expected to have, individually or in the aggregate, a Transfer Group Material Adverse Effect;

(x) except as set forth on Schedule 6.2(b)(x), as provided in Section 6.13 or Section 6.14 or with respect to refinancings contemplated in Section 6.2(b)(vi), repurchase, discharge or satisfy any claim, debt or obligation (or group of related claims, debts or obligations) of any of the Transfer Group Companies in an amount in excess of $5 million, other than (A) in the Ordinary Course of Business or (B) pursuant to the terms of any Contract as in effect on the date hereof or permitted to be entered into hereafter;

(xi) subject to Section 6.4(b), permit any of the Transfer Group Companies to enter into, or agree to enter into, any merger or consolidation with, any corporation or other entity;

(xii) except as set forth on Schedule 6.2(b)(xii) or as required under GAAP, make any change in any method of accounting for financial reporting purposes;

(xiii) except as set forth on Schedule 6.2(b)(xiii) in the Ordinary Course of Business or as expressly contemplated hereby, make any filings with or commence any proceedings against or before a Governmental Authority;

(xiv) pursuant to or within the meaning of the Bankruptcy Code or any similar federal, state or foreign law for the relief of debtors, commence a voluntary case, consent to the entry of an Order for relief against the Company or any other Transfer Group Company in an involuntary case, consent to the appointment of a receiver, trustee, assignee, liquidator or similar official of it or for all or any material portion of its property or assets, or make a general assignment for the benefit of Seller's creditors;

(xv) except as set forth on Schedule 6.2(b)(xv), make any material Tax elections with respect to the Transfer Group Companies (other than elections that must be made periodically which are consistent with past practice);

(xvi) except as set forth on Schedule 6.2(b)(xvi), enter into any agreement or settlement with any Taxing Authority with respect to any material Tax item directly related to a Transfer Group Company;

(xvii) except as disclosed on Schedule 6.2(b)(xvii), make or agree to make any capital expenditure; provided that disclosure on Schedule 6.2(b)(xvii) notwithstanding, no expenditure shall be made, construction undertaken or obligation entered into with respect to the Company's planned Port Westward project (other than expenditures or obligations that in the aggregate would not exceed $5,000,000) until such time as an Integrated Resource Plan (or any Action Plan related to such Integrated Resource Plan) contemplating such expenditure, construction or obligation has been filed by the Company and been the subject of an acknowledgement order by OPUC;

(xviii) except as disclosed on Schedule 6.2(b)(xviii), enter into any power, capacity, fuel, transmission or transportation purchase, forward, option, swap or futures contract, including any derivative contract (in any case, whether for non-trading or trading purposes), except for any contract (i) contemplated by an Integrated Resource Plan (or any Action Plan related to such Integrated Resource Plan) that has been filed by the Company and been the subject of an acknowledgement order by OPUC or (ii) that does not exceed twenty-four months in duration and does not cause the Company's Value at Risk to exceed the Company's maximum Value at Risk guidelines as authorized by the Board of Directors of the Company and in effect on the date hereof. Seller will cause the Company to use its reasonable best efforts to cause any such new agreements entered into by any Transfer Group Company pursuant to this clause (xviii) to contain provisions permitting assignment to wholly owned subsidiaries. Specific transactions executed under enabling agreements will not themselves constitute "agreements" for the purposes of the immediately preceding sentence.

(c) The restrictions contained in subsections (a) and (b) of this Section 6.2 shall not in any way prohibit, limit or restrict, any of the following: (i) dividends by a direct or indirect wholly-owned subsidiary of the Company to the Company, or another direct or indirect wholly-owned subsidiary of the Company, (ii) dividends on the Preferred Stock outstanding on the date hereof; (iii) dividends on or repurchases of Shares to the extent that (x) such dividends or repurchases result in a reduction in the Purchase Price (or such distributions are made pursuant to Section 6.9(i) in a case in which the Purchase Price is not reduced due to the fact that the relevant intercompany account has been written down to zero) and (y) such dividends or

repurchases are permissible under Order No. 97-196 entered by the Commission on June 4, 1997 in OPUC Docket 814 and the stipulation related thereto; (iv) redemptions of Preferred Stock pursuant to its terms, including any sinking fund requirements; (v) payments by any Transfer Group Company to Seller or its Affiliates in respect of intercompany payables or accounts or their liability to Seller or its Affiliates on account of such Transfer Group Company being a member of Seller's affiliated group for federal income tax purposes and, if applicable, any similar consolidated, combined or unitary group for state income tax purposes; or (vi) any actions by the Company to close any open Merchant Book trading position in accordance with Section 6.18 or to close, in the Ordinary Course of Business, any position maintained in the Company's retail (non-trading) electric utility business.

(d) Prior to the Closing, Seller shall keep Purchaser reasonably apprised of the status of, and all other material matters relating to, the construction and operation of new generation or transmission facilities by any Transfer Group Company and shall consult with Purchaser in good faith regarding all such material matters, including, without limitation, regulatory matters relating to, and material agreements and expenditures in connection with, such construction and operation; provided that Seller shall not be required to take any such action to the extent it would be excused from doing so pursuant to the proviso to Section 6.1.

Section 6.3 Appropriate Action; Filings.

(a) Seller and Purchaser shall (and, if necessary, Seller will cause its appropriate Affiliates to) each file with the Federal Trade Commission and the Department of Justice on a timely basis all such notifications and report forms, together with all required supplemental information, required to be filed or provided under the HSR Act and the regulations promulgated thereunder with respect to the transactions contemplated hereby, and request early termination of the related waiting period. The parties shall consult with each other as to the appropriate time of filing such notifications and provision of information, and shall use their reasonable best efforts to make such filings on a timely basis, to respond promptly to any requests for additional information made by either of such agencies, to cooperate with each other in connection with resolving any investigation or other inquiry concerning the transactions contemplated by this Agreement commenced by either of such agencies and to cause the waiting periods under the HSR Act to terminate or expire at the earliest practicable date after the date of filing.

(b) Through the Closing Date, Seller, the Company and Purchaser shall cooperate with each other and use (and shall cause their respective Subsidiaries to use) reasonable best efforts (i) to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably proper or advisable on its part under this Agreement, Applicable Law or otherwise to consummate and make effective the

transactions contemplated by this Agreement, (ii) to promptly (which, in the case of initial filings with OPUC and FERC shall not be more than thirty (30) days after the entry of the Approval Order) prepare and file all necessary documentation to make effective the transactions contemplated by this Agreement, (iii) to effect all necessary applications, notices, petitions, and filings and to execute all agreements and documents, (iv) to obtain all necessary Permits of all Governmental Authorities and (v) to obtain all necessary permits, consents, approvals and authorizations of all other parties, in the case of each of the foregoing clauses, necessary or advisable to consummate the transactions contemplated by this Agreement (including Seller Required Government Approvals and Purchaser Required Government Approvals) or required by the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which the Company, Seller or Purchaser or any of their respective subsidiaries is a party or by which any of them is bound. None of Seller, the Company nor Purchaser shall be deemed to have breached clause (ii) of the immediately preceding sentence to the extent that any delay beyond such thirty (30) day period is caused by any Person other than such respective party or parties and their legal counsel, but, notwithstanding any such delay, Seller, the Company and Purchaser shall use their reasonable best efforts to effect such filings promptly thereafter. Seller and Purchaser shall be accorded a reasonable right to review in advance and provide comments on all filings to be made under this Section 6.3(b) by the other party or the Company with any Governmental Authority in connection with the transactions contemplated hereby, and each party and the Company shall make its respective Representatives reasonably available to the others to discuss any questions or issues raised with respect to such filings or comments for a reasonable period prior to making such filings. For the avoidance of doubt, other than customary fees paid to Governmental Authorities in connection with transactions of the sort contemplated herein or as provided for herein, no party shall be obligated to make any payment to a third party to secure a consent from such third party that may be necessary, proper or advisable to consummate the transactions contemplated by this Agreement; provided that such party must afford the other party the opportunity to make any such payment. In addition, each party to this Section 6.3(b) and the Company will provide prompt notification to the others when any such Permit, action, filing or notice referred to in this Section 6.3(b) is obtained, taken, made or given, as applicable, or if any such Permit, action, filing or notice is appealed, withdrawn or denied. Notwithstanding any provision of this Agreement to the contrary, neither Seller nor the Company shall be obligated to take any action (including, without limitation, to make any statement) that would, in Seller's reasonable judgment, be expected to materially hinder or delay Seller's ability, following a valid termination of this Agreement pursuant to Section 3.2, to effect a Distribution; provided that the foregoing shall not be deemed to expand Seller's rights to terminate this Agreement or to limit Seller's obligation to vigorously support the transactions contemplated hereby and present such transactions as Seller's best alternative for a disposition or distribution from execution of this Agreement until released therefrom pursuant to the terms of this Agreement.

(c) Seller shall cause the Company to, and the Company shall, file with OPUC and prosecute in good faith all regulatory filings related to rates and recovery of power costs that are in the long-term best interest of the Company. For the purposes of this Section 6.3(c), the "long-term best interest of the Company" shall be determined by the Company in its reasonable business judgment after good faith consultation with Purchaser.

(d) In the event Purchaser schedules a meeting or conference with SEC, OPUC, FERC, PBGC or NRC regarding the transactions contemplated hereby, Purchaser shall provide Seller notice prior to scheduling such meeting or conference as soon as reasonably practicable and one or more Representatives of Seller (as Seller determines is appropriate in its reasonable business judgment after consultation with Purchaser) shall have the right to attend such meeting or participate in such conference; provided, however, that in the event Purchaser reasonably concludes in good faith based on objective criteria (such as the relevant Governmental Authority's request that Seller not attend) that attendance by a Representative or Representatives of Seller at such meeting or conference would be detrimental to Purchaser, the Company or the expeditious closing of the transactions contemplated hereby, Purchaser may exclude such Representative or Representatives of Seller from such meeting with the consent of Seller, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, in no event may Purchaser exclude Seller from a meeting or conference with any Governmental Authority if Seller reasonably concludes in good faith that Seller's absence from such meeting or conference could reasonably be expected to be detrimental to Seller, any Transfer Group Company or the expeditious closing of the transactions contemplated hereby.

Section 6.4 Bankruptcy Filings, Covenants and Agreements.

(a) Within four (4) Business Days following execution of this Agreement, Seller shall file with the Bankruptcy Court (in one or more motions) (i) the Sale Motion, seeking entry of the Approval Order, and (ii) the Bidding Procedures Motion, seeking entry of the Bidding Procedures Order. Seller agrees that it will use its reasonable best efforts to obtain entry by the Bankruptcy Court of (i) the Bidding Procedures Order within ten (10) days of the date of execution of this Agreement and (ii) the Approval Order promptly following the Auction Termination Date. Purchaser agrees that it shall promptly take such actions as are reasonably requested by Seller to assist in obtaining entry of the Bidding Procedures Order and the Approval Order, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for the purposes, among others, of providing necessary assurances of performance by Purchaser under this Agreement and demonstrating Purchaser is a "good faith purchaser" under Section 363(m) of the Bankruptcy Code; provided that Purchaser shall not be required to take any actions to amend or modify the Bidding Procedures Order or the Approval Order. If entry of the Bidding Procedures Order or the Approval Order is

appealed or otherwise challenged (including a petition for certiorari or motion for modification, reconsideration, rehearing or reargument), Seller and Purchaser shall each use its reasonable best efforts to defend such appeal or challenge unless Purchaser or Seller has validly terminated this Agreement pursuant to Section 3.2.

(b) From and after the date of execution of this Agreement until the Auction Termination Date, except to the extent specifically permitted under Section 6.4(c) or the Bidding Procedures Order, neither Seller nor the Company shall, and each shall cause its controlled Affiliates and their respective Representatives, and any other Person authorized to act on behalf of Seller or its bankruptcy estate (each a "Seller Party" and collectively, the "Seller Parties") not to, directly or indirectly, solicit, accept, review, cooperate with or provide information with regard to any offer, inquiry, proposal, bid or indication of interest from any Person, or engage in any negotiations with any Person, or share any information regarding Purchaser or any of the Transfer Group Companies, with respect to or in possible contemplation of an Alternative Transaction; provided, however, that nothing in this Section 6.4(b) shall prohibit or restrict any Seller Party from (i) providing information about the Bidding Procedures Order to any Person who makes any unsolicited offer or indication of interest, or (ii) taking appropriate actions to preserve its flexibility, following a valid termination of this Agreement pursuant to Section 3.2, to effect a Distribution; provided further that the foregoing shall not be deemed to expand Seller's rights to terminate this Agreement or to limit Seller's obligation to vigorously support the transactions contemplated hereby. An "Alternative Transaction" means any sale (including any such sale effected by merger, consolidation or otherwise) or distribution of the equity securities of any Transfer Group Company to, or an investment in the capital stock or other equity interests of any Transfer Group Company by, other than a sale of or investment in the Preferred Stock outstanding as of the date of execution of this Agreement, any third party (or parties) not Affiliated with Purchaser (or any transaction having a substantially similar economic effect as such sale or investment), or any sale or transfer of a material portion of the assets of any Transfer Group Company to any third party (or parties) not Affiliated with Purchaser, including but not limited to a distribution of the Company's equity securities or other equity interests in, or a material portion of the assets of, any Transfer Group Company, pursuant to a chapter 11 plan.

(c) From the date of entry of the Bidding Procedures Order, and until the earlier to occur of (i) the date that is sixty (60) days after the entry of the Bidding Procedures Order (provided that if Seller gives notice of its intent to terminate this Agreement pursuant to Section 3.2(f) prior to such date, such date may be extended by Seller, in its sole discretion, until the date that is two (2) Business Days after the earlier of (x) the date on which Purchaser cures the relevant breach of this Agreement such that Seller would no longer have the right to terminate this Agreement pursuant to Section 3.2(f) and (y) the date on which the applicable cure period with respect to such breach by Purchaser set forth in Seller's termination notice expires) and (ii) the entry by the Bankruptcy Court of the Approval Order (such earlier date, the "Auction Termination

Date"), the Seller Parties shall be permitted to solicit inquiries, proposals, offers or bids from, and negotiate with any Person other than Purchaser regarding an Alternative Transaction in accordance with the Bidding Procedures Order; provided, however, that the Seller Parties may only enter into, and seek Bankruptcy Court approval of, (i) any agreement with respect to such Alternative Transaction if it is a Superior Transaction or (ii) a Distribution, and in each case only prior to the Auction Termination Date unless Purchaser is not selected as the Winning Bidder pursuant thereto. To effectuate the foregoing, during such period, the Seller Parties shall be permitted to supply information relating to Seller and the Transfer Group Companies only to prospective purchasers that have executed a confidentiality agreement with Seller that is not materially less restrictive with respect to the prospective purchaser than the Purchaser Confidentiality Agreement; provided, however, that if the Seller Parties supply information relating to Seller and the Transfer Group Companies to such prospective purchasers, Seller shall also provide such information to Purchaser to the extent not otherwise provided to Purchaser. Notwithstanding anything herein to the contrary, Seller shall not offer, agree to, or seek approval from the Bankruptcy Court for any break-up fee or expense reimbursement (or any other benefit or protection that is not provided to all prospective bidders under the terms of the Bidding Procedures Order) throughout the period from the date of entry of the Bidding Procedures Order and until the Auction Termination Date for any Person other than Purchaser in connection with any proposed acquisition of, investment in, or distribution of any equity securities or assets of any Transfer Group Company. Seller shall notify Purchaser in writing within one (1) Business Day following Seller's selection of any Alternative Transaction as a Superior Transaction.

(d) If Purchaser is selected as Winning Bidder, from the Auction Termination Date until the earlier of (i) the Closing Date and (ii) the valid termination of this Agreement pursuant to Section 3.2, neither Seller nor the Company shall, and each shall cause the Seller Parties not to, directly or indirectly, pursue or facilitate any Alternative Transaction or, solicit, accept, facilitate, review, cooperate with, discuss, or provide information in connection with, any offer, inquiry, proposal, bid or indication of interest from any Person, or respond to any inquiries from or engage in any negotiations with any Person, or share any information regarding Purchaser or any of the Transfer Group Companies, with respect to or in possible contemplation of any Alternative Transaction, and neither Seller nor the Company shall, and each shall cause the Seller Parties not to, assist, cooperate with or help to facilitate any other Person in taking or effecting any such actions. The parties hereto agree that if Purchaser is selected as the Winning Bidder, Seller shall use its reasonable best efforts to cause the Approval Order to prohibit the Seller Parties (and any Person acting or purporting to act on behalf of any of them) from violating the immediately preceding sentence or from otherwise pursuing in any way any Alternative Transaction unless this Agreement shall have been terminated in accordance with its terms; provided, however, that nothing herein shall limit the ability of Seller to take appropriate actions to preserve its ability, following the valid termination of this Agreement pursuant to Section 3.2, to effect a Distribution; provided further,

however, that the foregoing shall not be deemed to expand Seller's rights to terminate this Agreement or to limit Seller's obligation to vigorously support the transactions contemplated hereby.

(e) In connection with any proceedings in the Bankruptcy Court related to the Bidding Procedures Order, the Approval Order, the Shares, any Transfer Group Company or the transactions contemplated by this Agreement (or any Alternative Transaction), (a) Seller and the Company shall, and shall cause their respective Affiliates to provide to Purchaser copies of all motions, objections, pleadings, notices, proposed orders and other documents relating to such proceedings, including any such motions, objections, pleadings, notices, proposed orders or other documents that are filed by or on behalf of Seller as soon as reasonably practicable prior to any filing thereof with the Bankruptcy Court and (b) Purchaser shall, and shall cause its respective Affiliates to provide to Seller copies of all motions, objections or other documents that are filed by or on behalf of Purchaser as soon as reasonably practicable prior to any filing thereof with the Bankruptcy Court.

(f) To the extent reasonably practicable, Seller shall file with the Bankruptcy Court amendments to Seller's Chapter 11 Plan that will (a) incorporate the terms of the Approval Order into Seller's Chapter 11 Plan, as may be necessary to consummate the transactions contemplated by, and give effect to the terms of, this Agreement and (b) bind to the terms of this Agreement as if it were deemed the Seller hereunder any reorganized debtor, trust or other entity to which the Shares may be transferred pursuant to Seller's Chapter 11 Plan. If it is not reasonably practicable to so amend Seller's Chapter 11 Plan, then Seller will use its reasonable best efforts to cause Seller's Chapter 11 Plan confirmation order to contain language reasonably acceptable to Purchaser, which shall (a) incorporate the terms of the Approval Order and (b) bind to the terms of this Agreement, as if it were Seller hereunder, any reorganized debtor, trust or other entity to which the Shares may be transferred pursuant to the terms of Seller's Chapter 11 Plan. Seller covenants and agrees that the terms of Seller's Chapter 11 Plan will not, and will not purport to, conflict with, supersede, abrogate, nullify, limit, override, modify or restrict the terms of this Agreement or the rights of Purchaser hereunder, or in any way hinder, prevent or interfere with the consummation or performance of the transactions contemplated by this Agreement, and will not in any way modify (or purport to modify) the Approval Order. Seller covenants and agrees that Seller's Chapter 11 Plan shall contain provisions providing for Seller's deposit of the Purchase Price into one or more disbursement accounts maintained in accordance with Seller's Chapter 11 plan, for the benefit of, among others, the holders of allowed or allowable administrative expense claims, and further providing that all allowed or allowable administrative expense claims must be satisfied or reasonably reserved for before the funds in such disbursement accounts may be used to satisfy the claims of general unsecured creditors. Seller shall provide to Purchaser, as soon as reasonably practicable prior to filing, any provisions to Seller's Chapter 11 Plan, the Disclosure

Statements and/or any amendments thereto that discuss or in any way relate to the transactions contemplated hereby, the Shares or any Transfer Group Company; provided, however, that this sentence shall not be deemed to provide Purchaser with any approval or veto right with respect to any such filing or any right to require changes to any such filing. Seller further covenants and agrees that it will not file, cooperate with or support any chapter 11 plan filed by any Person that is inconsistent with the terms of this Section 6.4(f) or this Agreement.

(g) If the Company or any other Transfer Group Company has become the subject of a case under the Bankruptcy Code or has taken any other action specified in Section 6.2(b)(xiv), then Seller and the Company shall, and, if applicable, shall cause any such Transfer Group Company to, take all reasonable steps to enable Seller and the Company to perform their respective obligations under this Agreement, including promptly filing such pleadings as may be necessary in order to authorize such performance; provided that Purchaser has not terminated this Agreement pursuant to Section 3.2(j).

Section 6.5 Preservation of Records; Cooperation. Subject to Section 10.2(e) (relating to the preservation of Tax records), each of Seller, the Company and Purchaser shall, and, from and after the Closing, Purchaser shall cause each of the Transfer Group Companies to, preserve and keep in its possession all material records held by it on or after the date hereof relating to the business of the Transfer Group Companies (to the extent that such records are held by a Transfer Group Company or Purchaser following the Closing), for a period of seven (7) years or such longer period as may be required by Applicable Law and shall make such records and such party's personnel available to the other party as may reasonably be required by such party in connection with, among other things, any insurance claims involving, legal proceedings involving, or investigations by any Governmental Authority of Seller or Purchaser or any of their respective Affiliates, or in order to enable Seller or Purchaser to comply with their respective obligations under this Agreement and each other agreement, document or instrument contemplated hereby or thereby; provided that in no event shall either Seller or Purchaser be obligated to provide any information the disclosure of which would materially jeopardize any privilege available to it or its Affiliates relating to such information or which would cause it or its Affiliates to breach in any material respect a confidentiality obligation to which it is bound; provided further that Seller and Purchaser shall use their reasonable best efforts to mitigate the effects of such limitations.

Section 6.6 Confidentiality. (a) The parties acknowledge that Purchaser and Seller previously executed the Purchaser Confidentiality Agreement and the Seller Confidentiality Agreement.

(b) Each of Purchaser, Seller and the Company agree that it shall not, and shall cause its Representatives not to, directly or indirectly, disclose in whole or in

part to any third party or otherwise use in detriment of any other party any confidential or proprietary information of any other party hereto that such party receives or otherwise comes to possess in connection with the transactions contemplated hereby (such party, the "Receiving Party"), whether furnished before or after the date of execution of this Agreement, regardless of the form in which such information is communicated or maintained, and all notes, reports, analyses, compilations, studies, files or other documents or material, whether prepared by a party or others, which are based on, contain or otherwise reflect such information, without the consent of such other party (the "Confidential Information"). For purposes of this Section 6.6, "Confidential Information" shall not include information that (i) is or becomes generally available to the public, other than as a result of disclosure in violation of this Section 6.6, (ii) is related to a Distribution following a valid termination of this Agreement pursuant to Section 3.2, (iii) was within the possession of the Receiving Party prior to receipt of such information from a party to this Agreement or (iv) was or becomes available to the Receiving Party from a source other than another party to this Agreement; provided that, in the cases of clauses (iii) and (iv), the source of such information was not known by the Receiving Party to be bound by a confidentiality agreement or other contractual, legal or fiduciary obligation of confidentiality with respect to such information. This paragraph (b) shall supersede the obligations of the parties hereto under the Purchaser Confidentiality Agreement and the Seller Confidentiality Agreement.

(c) Notwithstanding the foregoing, the parties hereto acknowledge and understand that (i) in connection with seeking the Bidding Procedures Order and the Approval Order and implementation thereof, this Agreement (together with the exhibits and schedules attached hereto) will be filed with the Bankruptcy Court and made publicly available, (ii) this Agreement (together with the exhibits and schedules attached hereto) will be filed with SEC and made publicly available in accordance with the Exchange Act and (iii) Confidential Information may be disclosed to Representatives of the Receiving Party, but only to the extent necessary or appropriate to assist the Receiving Party in evaluating, negotiating and consummating the transactions contemplated by this Agreement, it being understood that (x) such Representatives shall be informed of the confidential and proprietary nature of the Confidential Information and shall be directed to treat it confidentially and not to use it other than for the purposes set forth above and (y) in any event, the Receiving Party shall be responsible for any breach of this Section 6.6 by any of its Representatives. The parties agree that the filings and disclosures described in the immediately preceding sentence will not be deemed to violate any confidentiality obligations owing to any party pursuant to this Agreement.

(d) The parties agree that this Section 6.6, the Purchaser Confidentiality Agreement and the Seller Confidentiality Agreement shall not in any way limit disclosure of information:

(i) by Seller, as required in connection with the administration of the Bankruptcy Cases,

(ii) by Seller or Purchaser, to the official committee of unsecured creditors of Enron Corp. et. al. appointed in connection with the Bankruptcy Cases (the "Creditors Committee") and to its advisors prior to the entry of such Approval Order;

(iii) by Seller or Purchaser, as required by Applicable Law or an order of a court or Governmental Authority;

(iv) by Seller or Purchaser (with Seller's consent, which consent shall not unreasonably be withheld), to OPUC, SEC, FERC, NRC, PBGC and any other Governmental Authority as necessary or appropriate to facilitate the transactions contemplated by this Agreement;

(v) by Seller or Purchaser, in filings with the Bankruptcy Court as necessary to consummate the transactions contemplated by this Agreement (including filings necessary to permit entry of the Bidding Procedures Order);

(vi) by Purchaser, to any potential equity investors in Purchaser or the Company; provided that (i) any such Person shall be treated as a Representative of Purchaser in accordance with Section 6.6(c), (ii) Purchaser shall identify such potential equity investor to Seller prior to initial disclosure of Confidential Information to such Person and (iii) Seller shall have a right to prohibit disclosure of Confidential Information without its consent (which consent shall not be unreasonably withheld) (x) to any potential equity investors prior to the entry of the Approval Order or (y) to any potential equity investor that is a competitor of a Transfer Group Company or otherwise engaged in the electric utility business following the entry of the Approval Order, if Seller reasonably believes (in the case of either clause (x) or (y)) that such disclosure would be harmful in any material respect to a Transfer Group Company, or (in the case of clause (x)) that such disclosure could be detrimental to the Auction;

(vii) by Purchaser, to any potential sources of debt financing; provided that (i) any such entity shall be treated as a Representative of Purchaser in accordance with Section 6.6(c), (ii) Purchaser shall identify to Seller any potential sources of debt financing that are competitors of a Transfer Group Company or otherwise engaged in the electric utility business prior to initial disclosure of Confidential Information to such Person and (iii) Seller shall have the right to prohibit disclosure of Confidential Information without its consent (which consent shall not be unreasonably withheld) (x) prior to the entry of the Approval Order, to any potential sources of debt financing other than bank

lenders, bond underwriters or bond initial purchasers or (y) following the entry of the Approval Order, to any potential sources of debt financing that are competitors of a Transfer Group Company or otherwise engaged in the electric utility business, if Seller reasonably believes (in the case of either clause (x) or (y)) that such disclosure would be harmful in any material respect to a Transfer Group Company, or (in the case of clause (x)) that such disclosure could be detrimental to the Auction;

(viii) by Purchaser, to any limited partner of any of Purchaser's Affiliates; provided that such limited partners shall be treated as Representatives of Purchaser in accordance with Section 6.6(c);

(ix) by Purchaser, to potential candidates for the position of general partner or Managing Member of Purchaser; provided that such potential candidates shall be treated as Representatives of Purchaser in accordance with Section 6.6(c); or

(x) by Purchaser, to potential candidates for members of the board of directors of the Company; provided that such potential candidates shall be treated as Representatives of Purchaser in accordance with Section 6.6(c).

(e) Notwithstanding anything to the contrary contained herein, Purchaser acknowledges and agrees that, from and after the date of entry of the Bidding Procedures Order and until the Auction Termination Date, to the extent permitted by the Bidding Procedures Order and Section 6.4, Seller and its Affiliates, and their respective Representatives, may solicit inquiries, proposals, offers or bids from, and negotiate with any Person regarding an Alternative Transaction in accordance with the Bidding Procedures Order and Section 6.4, and nothing contained in this Agreement (other than in Section 6.4) will, or is intended to, in any way be deemed to restrict such actions or efforts. Notwithstanding anything to the contrary set forth herein or in any other agreement to which the parties hereto are parties or by which they are bound, including but not limited to the Purchaser Confidentiality Agreement and the Seller Confidentiality Agreement, the obligations of confidentiality contained herein and therein, as they relate to the transactions described in this Agreement, shall not apply to the Tax structure or Tax treatment of the transactions described in this Agreement, and each party hereto (and any employee, Representative, or agent of any party hereto) may disclose to any and all Persons, without limitation of any kind, the Tax structure and Tax treatment of the transactions described in this Agreement and all materials of any kind (including opinions or other tax analysis) that are provided to such party relating to such Tax treatment and Tax structure; provided, however, that such disclosure shall not include the name (or other identifying information not relevant to the Tax structure or Tax treatment) of any Person and shall not include information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

Section 6.7 Public Announcements. Except to the extent permitted during the Auction as specified in the Bidding Procedures Order, prior to the Closing Date, none of Seller, the Company, Purchaser, or any of their Affiliates or any of their Representatives, shall issue any press release or public statement concerning this Agreement or the transactions contemplated hereby, without obtaining the prior approval (which shall not unreasonably be withheld) of Purchaser (in the case of a press release or public statement by Seller or the Company) or Seller (in the case of a press release or public statement by Purchaser), unless such disclosure is required by Applicable Law, an Order of the Bankruptcy Court or by obligations pursuant to any agreement with any national securities exchange; provided that the Person intending to make such release shall give the parties hereto prior notice and shall use its reasonable best efforts consistent with such Applicable Law, Order or obligation to consult with the other parties with respect to the text thereof.

Section 6.8 Use of Name. Following the Closing Date, neither Purchaser nor any of the Transfer Group Companies shall have any right, title or interest in the name "Enron" (or any variation thereof) or any trademarks, trade names, logo or symbols related thereto. As soon as reasonably practicable following the Closing, Purchaser shall cause the Transfer Group Companies to amend the organizational documents of each such entity to the extent necessary to remove the "Enron" name (and any variation thereof) from its name and to remove all trademarks, trade names, logos and symbols related to the name "Enron" from any properties and assets (including all signs and domain names) that are visible to, or obtainable by, members of the public. Following the Closing Date, Seller shall not have any right, title or interest in the name "Portland General Electric" (or any variation thereof) or any trademarks, trade names, logos or symbols related thereto. As soon as reasonably practicable following the Closing, Seller shall amend its organizational documents to the extent necessary to remove the "Portland General Electric" name (and any variation thereof) from its name and to remove all trademarks, trade names, logos and symbols related to the name "Portland General Electric" from any properties and assets (including all signs and domain names) that are visible to, or obtainable by, members of the public. Notwithstanding the foregoing, this Section 6.8 shall not be deemed to prohibit any party from using such trade names to the extent that the party deems appropriate in connection with (i) disclosures made under federal or state securities laws, or (ii) in any other document that makes a clear and unambiguous reference to the fact that Seller and the Company are no longer affiliated.

Section 6.9 Intercompany Accounts. Prior to or at the Closing, except as set forth on Schedule 6.9(a), Seller shall cause (i) to the extent permissible, any amounts owed by Seller or any of its Affiliates (other than any of the Transfer Group Companies) to any of the Transfer Group Companies in respect of intercompany obligations (including but not limited to any such obligations that are represented by proofs of claims filed in any of the Bankruptcy Cases) to be dividended or otherwise

distributed to Seller (and if such obligation may not be dividended or otherwise distributed, it shall remain in full force and effect), and (ii) all intercompany obligations owed by any of the Transfer Group Companies to Seller or any of its Affiliates (other than any of the Transfer Group Companies) to be paid prior to the Closing or to remain in full force and effect and to be paid and satisfied in accordance with their terms. Seller shall provide on Schedule 6.9(b) a schedule of all intercompany amounts as of September 30, 2003 that are referred to in clause (i) or (ii) above.

Section 6.10 Insurance.

(a) Seller shall cause the Company to, and the Company shall, use its reasonable best efforts to maintain in effect insurance of such types, covering such risks and with amounts and deductibles and/or self-insured retentions as are reasonable and customary for an entity of the size and characteristics of the Company engaged in business of the same type as the Company.

(b) Seller and Purchaser agree that Casualty Insurance Claims relating to the business of the Transfer Group Companies (including those already reported and those relating to events that have occurred prior to the Closing but have not yet been reported) shall remain with the Transfer Group Companies immediately following the Closing, and Seller shall obtain any necessary approvals from insurers to give effect to this Section 6.10. Purchaser shall be consulted prior to the settlement of any Casualty Insurance Claims relating to the business of the Transfer Group Companies (including those already reported and those relating to events that have occurred prior to the Closing but have not yet been reported) in the event that (i) the Transfer Group Companies shall be responsible for funding any deductible or self-insured retentions or (ii) the proposed settlement exceeds $5 million.

(c) For purposes hereof, "Casualty Insurance Claims" shall mean any liability claims incurred prior to the Closing (and for which claims have been made under the appropriate Insurance Policies prior to the Closing, or for which claims may be made under the appropriate Insurance Policies after the Closing based on pre-closing coverage on a "claims incurred" (rather than "claims made") basis) for which coverage is provided under any casualty insurance policy maintained by Seller or its Affiliates (other than the Transfer Group Companies) prior to Closing and any contractual arrangements between Seller or its Affiliates (other than the Transfer Group Companies) and their insurance claims service companies in effect prior to the Closing (collectively, the "Insurance Policies"), including policies of workers' compensation, automobile liability, general liability, and excess liability to the extent applicable and claims for physical damage/business interruption incurred by any Transfer Group Company facility insured under property and boiler and machinery (machinery breakdown) policies. The Casualty Insurance Claims shall be subject to the terms and conditions of the Insurance Policies. With respect to the Casualty Insurance Claims, the following procedures shall apply:

(i) Seller or its Affiliates (other than the Transfer Group Companies), or the appropriate insurer and insurance claims service company, shall continue to investigate, evaluate and dispose of as they deem appropriate and consistent with Ordinary Course of Business, on behalf of the Transfer Group Companies, all Casualty Insurance Claims with dates of occurrence prior to the date of Closing and (ii) Seller shall invoice a Transfer Group Company within thirty (30) Business Days of Seller's receipt of its billing invoice from any insurer or insurance claims service company for payments of Casualty Insurance Claims paid on behalf of such Transfer Group Company by Seller and/or its captive insurance company. Purchaser shall cause such Transfer Group Company to pay the invoice within fifteen (15) days of such Transfer Group Company's receipt of such invoice. Purchaser shall cause such Transfer Group Company to pay all costs associated with the posting of collateral as required by an insurer. Casualty Insurance Claims to be paid by such Transfer Group Company hereunder shall include not only claim loss payments, but also all expenses directly related to and directly allocated to the handling of a particular claim. In the event that any Casualty Insurance Claim exceeds a deductible or self-insured retention under the Insurance Policies, such Transfer Group Company shall be entitled to the benefit of any insurance proceeds that may be available to discharge any portion of such Casualty Insurance Claim, subject to the terms and conditions of the Insurance Policy.

(d) Nothing in this Agreement is intended to provide or shall be construed as providing a benefit or release to any insurer or claims service organization of any obligation under any Insurance Policy. Seller and Purchaser confirm that the sole intention of this Section 6.10 is to divide and allocate the benefits and obligations under the Insurance Policies between them as of the Closing Date and not to alter in any manner the rights and obligations of any insurer or contract claims service company thereunder. Nothing herein shall be construed as creating or permitting any insurer or contract claims service company the right of subrogation against Seller or Purchaser or any of their respective Affiliates in respect of payments made by one to the other under any Insurance Policy.

(e) If Purchaser requests a copy of an insurance policy relating to a pending or threatened Casualty Insurance Claim, Seller shall request a copy of all relevant insurance policies that insure such claim from the appropriate insurance carrier(s), and upon receipt, shall forward to Purchaser promptly thereafter.

Section 6.11 Directors' and Officers' Indemnification. For a period of not less than six (6) years after the Closing Date, Purchaser shall cause the certificate of incorporation and bylaws of each Transfer Group Company (to the extent applicable) to continue to include the same provisions concerning the exculpation, indemnification, advancement of expenses to and holding harmless of, all past and present employees, officers, agents and directors of such Transfer Group Company for acts or omissions occurring at or prior to the Closing as are contained in such documents as of the date of

execution of this Agreement. In the event that any indemnifiable claim is asserted or made within such six (6) year period, all rights to indemnification and advancement of expenses in respect of such claim shall continue to the extent currently permitted under the relevant Transfer Group Company's certificate of incorporation or bylaws until such claim is disposed of or all Orders in connection with such claim are fully satisfied.

Section 6.12 Further Assurances. Each of Seller, the Company and Purchaser covenant that it shall, at all times from and after the execution of this Agreement until its valid termination pursuant to Section 3.2, act in good faith with the goal of consummating the transactions contemplated hereby, except as expressly permitted pursuant to the terms hereof. At all times following the Closing, Seller, the Company and Purchaser shall promptly execute, acknowledge and deliver such other assurances, documents or instruments and take such other action as may be reasonably requested by any party hereto to carry out the purposes of this Agreement and to effect the transactions contemplated hereby.

Section 6.13 Pre-Closing Conduct of Proceedings; Pre-Closing Reserves.

(a) Prior to the Closing, Seller shall keep Purchaser reasonably apprised of the status of, and all other material matters relating to, the Shared Special Indemnity Matters, third party claims that are the subject of indemnification by Seller pursuant to Section 10.8 or Section 10.9 and any other pending, and to the extent Known by Seller, threatened, suits, actions, investigations, inquiries or other proceedings by or before any Governmental Authority (collectively, the "Proceedings") against any of the Transfer Group Companies or under which any of the Transfer Group Companies may have liability, directly or indirectly, that would reasonably be expected to be material to the Transfer Group Companies (with respect to the matters that are the subject of indemnification pursuant to Sections 10.8 and 10.9, taking into account Seller's indemnification obligations and Purchaser's likelihood of recovery thereunder). Seller shall give written notice to Purchaser of any proposed final settlement or other final resolution (each, a "Settlement") of any of the Shared Special Indemnity Matters, at least ten (10) days prior to entering into any such Settlement, which notice (a "Settlement Notice") shall include a reasonably detailed description of all material terms and conditions of such Settlement.

(b) If the proposed Settlement of any Shared Special Indemnity Matter (or group of related matters) would result in the Pre-Closing Settlement Amount exceeding $20 million with respect to such matter (or matters), then Seller shall promptly provide Purchaser with such information and access to Seller, the Company and their Representatives (including, without limitation, their legal counsel) as reasonably requested by Purchaser to enable it to assess the proposed Settlement for purposes of this Section 6.13(b). Purchaser may object to any such Settlement by delivery to Seller of a

written notice (a "Settlement Objection Notice"), which notice shall include a statement as to the amount of payment in respect of such Settlement that Purchaser would consider reasonable; provided, however, that if Purchaser does not deliver to Seller a Settlement Objection Notice within five (5) Business Days after Purchaser's receipt of such Settlement Notice, Purchaser shall be deemed to have consented to such Settlement. If Purchaser validly delivers a Settlement Objection Notice in accordance with this Section 6.13(b), then Seller may:

(i) elect not to effect such Settlement, in which case the respective rights and obligations of Purchaser and Seller shall continue in effect as if no such Settlement had been proposed by Seller; provided that Losses (for purposes of Section 9.2(a)(iv)) with respect to such Shared Special Indemnity Matters that are the subject of such proposed Settlement shall be limited to an amount (the "Projected Settlement Cap") equal to the mathematical mean of (A) Seller's proposed amount of payment in respect of such Settlement as specified by Seller in its Settlement Notice and (B) the amount specified by Purchaser as reasonable in respect of such Settlement in its Settlement Objection Notice;

(ii) elect to effect the Settlement as specified by Seller in its Settlement Notice but elect that amounts paid to third parties to settle such matter or matters in excess of the amount specified by Purchaser as reasonable in respect of such Settlement in its Settlement Objection Notice shall not be included in the calculation of the Pre-Closing Settlement Amount pursuant to Section 2.2, or for purposes of Section 2.3 and Section 9.2(e);

(iii) elect to effect the Settlement for a payment amount that is not in excess of the amount specified by Purchaser as reasonable in respect of such Settlement in its Settlement Objection Notice, in which case Purchaser shall be deemed to have approved the Settlement, and the full amount paid to third parties to settle such matter or matters shall be included in the calculation of the Pre-Closing Settlement Amount pursuant to Section 2.2, and for purposes of Section 2.3 and Section 9.2(e); or

(iv) elect to effect the Settlement as specified by Seller in its Settlement Notice and *not* make the election described in clause (ii) above, in which case the full amount paid to third parties to settle such matter or matters shall be included in the calculation of the Pre-Closing Settlement Amount pursuant to Section 2.2, and for purposes of Section 2.3 and Section 9.2(e); provided that if Seller makes the election pursuant to this clause (iv), Purchaser shall have the right to terminate this Agreement pursuant to Section 3.2(l). Any election made by Seller pursuant to this Section 6.13(b) shall be made by the

prompt delivery of a reasonably detailed written notice of such election to Purchaser.

(c) Seller shall give written notice to Purchaser of any accounting reserves that the Company proposes to post in connection with any of the Proceedings that constitute Shared Special Indemnity Matters or the matters that are the subject of indemnification by Seller pursuant to Section 10.8 or Section 10.9 (each, a "Reserve") at least ten (10) Business Days prior to the Company's posting of any such Reserve, which notice (a "Reserve Notice") shall include a reasonably detailed description of such Reserve.

(d) If the proposed amount of any Reserve for any Shared Special Indemnity Matter exceeds $20 million, then Seller shall provide Purchaser with such information and access to Seller, the Company and their Representatives (including, without limitation, their legal counsel) as reasonably requested by Purchaser to enable it to assess the proposed Reserve for purposes of this Section 6.13(d). Purchaser may object to any such Reserve by delivery to Seller of a written notice of Purchaser's objection to such Reserve (a "Reserve Objection Notice"), which notice shall include a statement as to the amount of such Reserve that Purchaser would consider as reasonable in respect of such Shared Special Indemnity Matter; provided, however, that if Purchaser does not deliver to Seller a Reserve Objection Notice within five (5) Business Days after Purchaser's receipt of such Reserve Notice, Purchaser shall be deemed to have consented to such Reserve. If Purchaser validly delivers a Reserve Objection Notice in accordance with this Section 6.13(d), then Seller may:

(i) elect not to post such Reserve, in which case the respective rights and obligations of Purchaser and Seller shall continue in effect as if no such Reserve had been proposed by Seller;

(ii) elect to post a Reserve as specified by Seller in its Reserve Notice but elect that the amount of such Reserve in excess of the amount specified by Purchaser as reasonable in its Reserve Objection Notice shall not be included in the calculation of the Pre-Closing Settlement Amount pursuant to Section 2.2, or for purposes of Section 2.3 and Section 9.2(e);

(iii) elect to post a Reserve that is not in excess of the amount specified by Purchaser as reasonable in its Reserve Objection Notice, in which case Purchaser shall be deemed to have approved such Reserve, and the full amount of such Reserve shall be included in the calculation of the Pre-Closing Settlement Amount pursuant to Section 2.2, and for purposes of Section 2.3 and Section 9.2(e); or

(iv) elect to post a Reserve as specified by Seller in its Reserve Notice and *not* make the election described in clause (ii) above, in which case the full amount of such Reserve shall be included in the calculation of the Pre-Closing Settlement Amount pursuant to Section 2.2, and for purposes of Section 2.3 and Section 9.2(e); provided that if Seller makes the election pursuant to this clause (iv), Purchaser shall have the right to terminate this Agreement pursuant to Section 3.2(l). Any election made by Seller pursuant to this Section 6.13(d) shall be made by the prompt delivery of reasonably detailed written notice of such election to Purchaser.

(e) If Seller proposes to effect any Settlement that would require (x) any Transfer Group Company to be subject to any material equitable relief during any period following the Closing (provided that, for purposes of this Section 6.13(e)(x), a loss by the Company of its market based rate authority shall not, in and of itself constitute "material equitable relief") or (y) any Transfer Group Company to take or refrain from taking any material action in connection with the conduct of its business during any period following the Closing (other than the payment of money in respect of damages or other awards), then, Seller shall promptly provide Purchaser with such information and access to Seller, the Company and their Representatives (including, without limitation, their legal counsel) as reasonably requested by Purchaser to enable it to assess the proposed Settlement for the purposes of this Section 6.13(e). Purchaser may object to any such Settlement by delivery to Seller of a written notice; provided, however, that if Purchaser does not deliver such notice to Seller within five (5) Business Days after Purchaser's receipt of notice of any such proposed Settlement from Seller, Purchaser shall be deemed to have consented to such Settlement. If Purchaser validly delivers notice in accordance with this Section 6.13(e), then Seller may:

(i) elect not to effect such Settlement, in which case the respective rights and obligations of Purchaser and Seller shall continue in effect as if no such Settlement had been proposed by Seller; or

(ii) elect to effect the Settlement as specified by Seller in its Settlement Notice; provided that if Seller makes the election pursuant to this clause (ii), Purchaser shall have the right to terminate this Agreement pursuant to Section 3.2(k). Any election made by Seller pursuant to this Section 6.13(e) shall be made by the prompt delivery of a reasonably detailed written notice of such election to Purchaser.

(f) Nothing in this Section 6.13 shall require Seller to take any action that would be reasonably expected to materially jeopardize any privilege available to Seller, any of the Transfer Group Companies or any of their respective Affiliates or that would cause Seller, any of the Transfer Group Companies or any of their affiliates to breach in any material respect a confidentiality obligation to which it is bound; provided

that Seller shall use its reasonable best efforts to mitigate the effects of the foregoing restrictions (including without limitation instructing their respective counsel in the relevant proceedings to consult with Purchaser's counsel, entering into one or more joint defense or common interest agreements with Purchaser to the extent feasible and seeking waivers of applicable confidentiality agreements).

Section 6.14 Related Party Contracts. Except as set forth in Schedule 6.14, Seller shall cause all of the Related Party Contracts to be terminated on or prior to Closing.

Section 6.15 Financing.

(a) Purchaser may, at its option, obtain one or more financing commitment letters (each, a "Commitment Letter") in a customary form that provide for all or a portion of the amount of proceeds as contemplated by the Debt Financing Letter as in effect on the date hereof; provided that the aggregate amount of proceeds from the Debt Financing Letter (including any Commitment Letter) shall provide for at least the same amount of proceeds to Purchaser as the Debt Financing Letter as in effect on the date hereof. Any Commitment Letter shall include a termination date not earlier than the one-year anniversary of the date of execution of this Agreement. Any Commitment Letter shall be made by some or all of the lenders that are parties to the Debt Financing Letter as in effect on the date hereof or by another national financial institution of similar repute of the lenders that are party to the Debt Financing Letter as in effect on the date hereof.

(b) Purchaser agrees to notify Seller if, at any time prior to the Closing Date, (i) the Debt Financing Letter shall, to the extent applicable, expire or be revoked or otherwise terminated for any reason or (ii) any financing source that is a party to the Debt Financing Letter notifies Purchaser that such source no longer intends to provide financing to Purchaser. Purchaser shall use its reasonable best efforts to remedy any matter referred to in clause (i) or (ii) of the immediately preceding sentence as soon as reasonably practicable; provided that Purchaser shall not be required to enter into any financing commitments or understandings in an aggregate amount materially different, or on terms less beneficial to Purchaser in any material respect, than those set forth in the term sheets attached to the Debt Financing Letter as in effect on the date hereof.

(c) If Purchaser has obtained a Commitment Letter and the Closing has not occurred on or before the termination of such Commitment Letter, Purchaser will use its reasonable best efforts to obtain, and will provide Seller with a copy of, a new Debt Financing Letter that provides for at least the same amount of financing as such Commitment Letter and for other terms and conditions reasonably satisfactory to Purchaser and, to the extent the terms and conditions are materially less beneficial to Seller than those contained in the term sheets attached to the Debt Financing Letter,

Seller. Purchaser shall use its reasonable best efforts to ensure that any replacement Debt Financing Letter obtained with respect to any period after the one-year anniversary of the date of execution of this Agreement shall not provide for a termination date prior to the Outside Date; provided, however, that, notwithstanding anything herein to the contrary, if Purchaser is unable to obtain such a Debt Financing Letter, Purchaser may obtain a Debt Financing Letter with a termination date prior to the Outside Date and use its reasonable best efforts to extend or find a replacement for any such Debt Financing Letter.

(d) Purchaser shall use its reasonable best efforts to obtain debt financing as of the Closing Date in an amount and on terms and conditions not materially less beneficial to Purchaser than those set forth in the term sheets attached to the Debt Financing Letter (as in effect on the date hereof); provided, however, that, in determining whether such terms and conditions are materially less beneficial to Purchaser than those set forth in the term sheets attached to the Debt Financing Letter, any changes in the Eurodollar Rate or the ABR (each, as defined in the Debt Financing Letter) as such changes relate to the Credit Facilities shall not be taken into account. The condition set forth in Section 7.2(e) shall be deemed to be satisfied if, at the time of the Closing, Purchaser has available the amount of financing proceeds necessary to consummate the transactions contemplated hereby on terms and conditions not materially less beneficial to Purchaser than those set forth in the term sheets attached to the Debt Financing Letter as in effect on the date hereof.

Section 6.16 Seller Guarantees. Purchaser shall either (i) arrange for substitute letters of credit, performance bonds and performance guarantees to replace, as of the Closing Date, all letters of credit, performance bonds, performance guarantees or similar arrangements of Seller or its Affiliates (other than any of the Transfer Group Companies) relating to obligations of any of the Transfer Group Companies (the "Seller Guarantees") or (ii) upon the Closing, assume all obligations under each Seller Guarantee and use its reasonable best efforts to obtain from the creditor or other counterparty a full release of Seller or its applicable Affiliate with respect thereto. Purchaser hereby agrees, to the extent any such creditor or other counterparty refuses to give such release on or prior to the Closing Date, to indemnify and hold harmless Seller or such Affiliate with respect to the applicable Seller Guarantee.

Section 6.17 Financial and Other Information. (a) Seller shall cause the Company to, and the Company shall, provide to Purchaser prior to Closing:

(i) for each month following the date of this Agreement, a consolidated balance sheet for the Company as of the end of such month;

(ii) for each month following the date of this Agreement, a consolidated statement of income and a summary consolidated statement of cash flows of the Company for the period commencing at the end of the previous fiscal

year and ending with such month, together with a comparison of the corresponding month of the Company's projected budget;

(iii) after the entry of the Approval Order, any materials delivered to the members of the Company's board of directors no later than the time such materials are delivered to the Company's board of directors; and

(iv) after the entry of the Approval Order, copies of any minutes of meetings of the Company's board of directors no later than the time such materials are delivered to the Company's board of directors.

(b) After the entry of the Approval Order and prior to the Closing, Seller shall cause the Company to, and the Company shall, permit Purchaser to:

(i) upon reasonable notice to Seller, meet monthly, and prior to any meetings of the Company's board of directors, with the senior executives of the Company; and

(ii) upon reasonable request to Seller by Purchaser made prior to any meeting of the Company's board of directors, make presentations to the Company's Board of Directors.

(c) Notwithstanding the foregoing, Seller shall not be obligated to provide any information or materials to Purchaser pursuant to Section 6.16 or permit Purchaser to have access to the senior executives or directors under Section 6.16(b) to the extent (i) such disclosure or access would not be required to be granted under Section 6.1 or (ii) related to this Agreement (including, but not limited to, the exercise of rights hereunder) or any other agreement or transaction between any of Seller, any Transfer Group Company or any of their respective Affiliates, on the one hand, and Purchaser or any of its Affiliates, on the other hand.

Section 6.18 Specified Trading Positions. Seller shall provide a list of all open Merchant Book trading positions no later than the twentieth (20^{th}) Business Day prior to the Closing Date, along with such information reasonably requested by Purchaser to enable it to assess such position for purposes of this Section 6.18. In the event that Purchaser requests on or prior to the tenth (10^{th}) Business Day prior to the Closing Date, that any open Merchant Book trading position be unwound, Seller shall cause the Company to, and the Company shall, unwind such position prior to the Closing. In addition, Seller may cause the Company to unwind prior to Closing any other Merchant Book trading position as Seller so elects.

Section 6.19 No-Action Letter. Purchaser agrees that it will submit to the SEC staff the No-Action Letter referred to in Section 7.2(g) not later than 30 days after the entry of the Approval Order, and that such no-action request will be

substantially in the form of Exhibit E and will reflect the structure described in Exhibit D. To the extent that the SEC staff has not indicated (either orally or in writing) that they are prepared to issue the No-Action Letter substantially on the terms requested within 90 days after it is submitted to SEC, Purchaser agrees that it will promptly, but in no event later than the third Business Day following the expiration of such 90 day period, contact the SEC staff and (following consultations with the SEC staff over a period not to exceed fourteen (14) days) offer to modify (either orally or in writing) any provisions of the no-action request to the extent that the SEC staff has objected or expressed material concerns (including any concern that any provision raises a policy issue that has not been resolved) with respect to any of such provisions to request no-action relief on the basis that such provisions shall be modified to be consistent with previously issued no-action letters of the SEC staff, as reasonably determined by the SEC staff. If the SEC staff has not objected to any specific provisions of the no-action request or expressed concern with respect thereto as set forth above, Purchaser will ask the SEC staff to specify which if any of the provisions of the no-action request to which the SEC staff objects and (following consultations with the SEC staff over a period not to exceed fourteen (14) days) will offer to modify those provisions to the extent specified above. If the SEC staff does not agree to issue the No-Action Letter on the terms requested after the Purchaser has offered the concessions specified above, Purchaser agrees that it will, without further delay, continue to offer to modify any other provisions of the no-action request to the extent the SEC staff reasonably indicates that such provisions are inconsistent with prevailing precedent.

Section 6.20 PUHCA Exemption. (a) As of the date hereof, a proceeding is pending before SEC related to Seller's application for an order under Section 3(a)(1) of PUHCA granting Seller an exemption as a holding company. Should SEC decline to grant Seller an exemption under Section 3(a)(1) or if there are reasonable grounds to believe that restructuring the Company's wholesale power trading activities could reasonably be expected to be necessary in order to obtain an exemption under PUHCA, Purchaser may seek to restructure the wholesale power trading activities of the Company in a manner that will permit Purchaser to qualify for an exemption under Section 3(a)(1) (referred to herein as the "Restructuring"). The Restructuring may require the authorization, consent or approval of Governmental Authorities, including but not limited to SEC, FERC and OPUC. It is the intent of Purchaser and Seller that any efforts to implement a Restructuring, including obtaining any Government Approvals therefor, shall be kept separate and apart from the sale and purchase provided for in Article I and that such Restructuring shall not be a condition precedent (either directly or indirectly) to the obligation of Purchaser to consummate the transactions contemplated by this Agreement. In furtherance of this intention, Seller agrees to cooperate with Purchaser in obtaining any Government Approvals that may be needed to implement the Restructuring, provided, however, that neither Seller nor the Transfer Group Companies shall be required to expend any funds for purposes of assisting Purchaser, Purchaser shall bear all cost and expenses of seeking any such Government Approvals and no step in the actual implementation of the Restructuring by the Company shall be taken until after the

Closing. It is the intent of Purchaser and Seller that any applications, notifications or other filings required to obtain Government Approvals for the Restructuring shall be kept separate and apart from any applications, notices or other filings that may be required in order to obtain the Required Government Approvals. Purchaser and Seller agree that any applications, notifications or other filings required to obtain Government Approvals for the Restructuring shall (i) not be filed earlier than 60 days after the filing with FERC of the application under Section 203 of the Power Act for the Shares as specified in Schedule 4.3(b) and (ii) be filed on such terms, in such form and at such time as may be determined by Purchaser subject to the prior consent of Seller (such consent not to be unreasonably withheld); provided, however, that the Section 205 Application shall expressly state that consummation of the transactions contemplated by this Agreement is not conditioned upon approval of the Section 205 Application, that the parties intend for the Section 205 Application to be processed separately and not consolidated with the Section 203 Application for approval of the transactions contemplated hereby, and that issues that arise solely from the pendency of the Section 205 Application should not delay approval of the Section 203 Application.

(b) Purchaser shall use commercially reasonable efforts to assure that the Restructuring, if any, including obtaining any Government Approval in connection therewith, shall not delay the Closing, and if necessary to avoid a delay of the Closing, Purchaser shall postpone efforts to obtain Government Approvals related to the Restructuring until after the Closing. Purchaser acknowledges that (i) failure to restructure the wholesale power trading activities of the Company, (ii) failure to obtain Government Approvals related thereto, or (iii) the Restructuring and any conditions imposed by any Governmental Authority in connection therewith shall not be taken into account in determining whether a Purchaser Material Adverse Effect or a Transfer Group Material Adverse Effect has occurred or is reasonably expected to occur.

ARTICLE VII

CONDITIONS TO CLOSING

Section 7.1 Conditions Precedent to Obligations of Each Party. The respective obligations of Seller and Purchaser to consummate the transactions contemplated by this Agreement are subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions:

(a) No Order issued by any court of competent jurisdiction preventing the consummation of the transactions contemplated hereby shall be in effect, nor shall any material proceeding initiated by any Governmental Authority of competent jurisdiction having valid enforcement authority seeking such an Order be pending, nor shall there be any action taken, or any Law or Order enacted, entered or enforced that has

not been subsequently overturned or otherwise made inapplicable to this Agreement, that makes the consummation of the transactions contemplated hereby illegal;

(b) The Bankruptcy Court shall have entered an Order, substantially the same in form and substance as the proposed order attached hereto as Exhibit F and reasonably acceptable to Purchaser (the "Approval Order"), and such Approval Order is not subject to a stay and has not been vacated, modified or reversed by a court of competent jurisdiction in any respect that is material to Purchaser or Seller, as applicable, in its reasonable discretion (for avoidance of doubt, the parties agree that the Approval Order may not be reasonably acceptable to Purchaser (in Purchaser's discretion) if the Approval Order does not contain each of the provisions which Seller has covenanted to use its reasonable best efforts to obtain, or if it is not substantially identical to Exhibit F hereto, provided, however, that the exclusion of paragraph 7 of the Approval Order shall not be taken into account in determining whether the Approval Order is acceptable to Purchaser);

(c) Any waiting period (including any extension thereof) under the HSR Act applicable to the purchase and sale of the Company's equity securities hereunder shall have terminated or expired and any Required Government Approvals, including, without limitation, approval of OPUC, shall have been obtained; and

(d) The Indemnification Escrow Agent shall have delivered to Purchaser and Seller a copy of the Indemnification Escrow Agreement, duly executed by the Indemnification Escrow Agent.

Section 7.2 Conditions Precedent to Obligations of Purchaser. The obligation of Purchaser to consummate the transactions contemplated by this Agreement is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Purchaser, in whole or in part, to the extent permitted by Applicable Law):

(a) All of the representations and warranties of Seller contained herein shall have been true and correct on the date hereof and shall be true and correct on and as of the Closing Date as if made at the Closing, except those representations and warranties of Seller that speak of a certain date, which representations and warranties shall have been true and correct as of such date; provided, however, that this condition shall be deemed to have been satisfied so long as any failure of such representations and warranties (other than the representations and warranties contained in Section 4.4, which must be true and correct in all material respects as of the Closing Date as if made at the Closing in order for the condition set forth in this Section 7.2(a) to be satisfied) to be true and correct (without giving effect to any materiality, Seller Material Adverse Effect or Transfer Group Material Adverse Effect qualifiers contained therein), individually and in

the aggregate, has not resulted in and would not reasonably be expected to result in a Seller Material Adverse Effect or a Transfer Group Material Adverse Effect;

(b) Each of Seller and the Company shall have in all material respects performed, and complied with, its respective obligations and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date;

(c) None of the Transfer Group Companies has become the subject of a case under the Bankruptcy Code or has taken any other action specified in Section 6.2(b)(xiv);

(d) Purchaser shall have been furnished with the documents referred to in Section 8.1;

(e) Purchaser shall have received financing proceeds in connection with the transactions contemplated hereby, in an aggregate amount no less than, and upon terms and conditions not materially less beneficial to Purchaser than those set forth in, the term sheets attached to the Debt Financing Letter as in effect on the date hereof; provided, however, that, in determining whether such terms and conditions are materially less beneficial to Purchaser than those set forth in the term sheets attached to the Debt Financing Letter, any changes in the Eurodollar Rate or the ABR (each, as defined in the Debt Financing Letter) as such changes relate to the Credit Facilities shall not be taken into account;

(f) The approval of OPUC (and any conditions or restrictions included therein), and any of the material actions taken by OPUC with respect to the Company or Purchaser from the date hereof to the Closing Date, or any material actions that OPUC proposes to take with respect to the Company or Purchaser after the date hereof, shall not be materially adverse to Purchaser;

(g) Receipt from SEC of a No-Action Letter, based on a request substantially in the form attached hereto as Exhibit E (with such modifications as may be required to be made as specified in Section 6.19), that concludes that the staff of SEC's Division of Investment Management would not recommend enforcement action to SEC or otherwise assert that the limited partner investors or non-managing member investors in Purchaser, or their respective affiliates, would be or will become a "public utility holding company" or "affiliate" of the Company within the meaning of PUHCA solely by reason of the consummation of the transactions contemplated hereby;

(h) Seller shall have furnished to Purchaser a certification of Seller's non-foreign status as set forth in Section 1445 of the Code and the Treasury Regulations thereunder;

(i) There shall not have occurred, since the date of execution of this Agreement, any changes or events that, individually or in the aggregate, have resulted in or would reasonably be expected to result in a Transfer Group Material Adverse Effect;

(j) No Governmental Authority shall have initiated condemnation litigation and (i) obtained an affirmative vote to approve revenue bonds, or (ii) have obtained funds, through the issuance of revenue bonds or otherwise, in each case to finance the acquisition of greater than ten percent (10%) of the gross book value of the Company's transmission, distribution and generation assets (taken as a whole);

(k) The Letter of Credit and any Deposit Funds shall have been released to Purchaser; and

(l) A final disposition shall have been made by OPUC with respect to the Company's request for, and settlement of, its 2002 Power Cost Adjustment.

Section 7.3 Conditions Precedent to Obligations of Seller. The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions (any or all of which may be waived by Seller, in whole or in part, to the extent permitted by Applicable Law):

(a) All of the representations and warranties of Purchaser contained herein shall be true and correct on the date hereof and shall be true and correct on and as of the Closing Date as if made at the Closing, except those representations and warranties of Purchaser that speak of a certain date, which representations and warranties shall have been true and correct as of such date; provided, however, this condition shall be deemed to have been satisfied so long as any failure of such representations and warranties to be true and correct (without giving effect to any materiality or Purchaser Material Adverse Effect qualifiers contained therein), individually and in the aggregate, has not resulted in and would not reasonably be expected to result in a Purchaser Material Adverse Effect;

(b) Purchaser shall have in all material respects performed, and complied with, its respective obligations and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date; and

(c) Seller shall have been furnished with the documents referred to in Section 8.2.

ARTICLE VIII

DOCUMENTS TO BE DELIVERED

Section 8.1 Documents to be Delivered by Seller. At the Closing, Seller shall deliver, or cause to be delivered, to Purchaser the following:

(a) stock certificates representing the Shares, duly endorsed in blank or accompanied by stock transfer powers and with all requisite stock transfer tax stamps attached;

(b) a certified copy of the Approval Order and all other Orders of the Bankruptcy Court with respect to the transactions contemplated hereby;

(c) a copy of the Indemnification Escrow Agreement, duly executed by Seller;

(d) written resignations of each of the directors of the Transfer Group Companies (other than Persons specified by Purchaser not less than ten (10) days prior to Closing);

(e) a certificate of an officer of Seller certifying that the closing conditions set forth in Sections 7.2(a) (with respect to Seller's representations and warranties) and 7.2(b) (with respect to Seller's obligations and covenants) have been satisfied;

(f) documents reasonably acceptable to Purchaser that provide evidence of all amounts and calculations referred to in Section 2.2 regarding settlements and reserves for Shared Special Indemnity Matters; and

(g) such other documents and certificates (including resolutions but not including legal opinions) reasonably requested by Purchaser and customarily delivered in transactions of this type.

Section 8.2 Documents to be Delivered by Purchaser. At the Closing, Purchaser shall deliver to Seller the following:

(a) evidence of the wire transfers referred to in Section 2.2;

(b) a copy of the Indemnification Escrow Agreement, duly executed by Purchaser;

(c) a copy of the resolutions of the governing body of Purchaser duly authorizing this Agreement and the transactions contemplated hereby, duly executed by an authorized Representative of Purchaser; and

(d) a certificate of an officer of Purchaser certifying that the closing conditions set forth in Section 7.3(a) and Section 7.3(b) have been satisfied.

ARTICLE IX

INDEMNIFICATION

Section 9.1 Survival of Representations, Warranties, Covenants and Agreements. Subject to the limitations and other provisions of this Agreement:

(a) the representations and warranties of Seller and Purchaser contained in this Agreement, or in any certificate delivered pursuant to this Agreement, and the covenants and agreements of Seller and Purchaser contained in this Agreement which by their terms are required to be performed on or before the Closing (the "Pre-Closing Covenants"), shall survive the Closing and shall remain in full force and effect for a period of 15 months after the Closing Date; provided, however, that (x) the representations and warranties contained in Sections 4.4, 4.5(a) and 4.5(b) shall survive the Closing and remain in full force and effect until the earlier of (i) the date that the entire Indemnification Escrow Amount has been released from escrow in accordance with Section 2.3(b) and the Indemnification Escrow Agreement and (ii) the third (3rd) annual anniversary of the Closing Date, (y) the representations and warranties contained in Section 4.9 shall survive the Closing and remain in effect until the earliest of (i) the expiration of the applicable statute of limitations, (ii) the date on which the entire Indemnification Escrow Amount has been released from escrow in accordance with Section 2.3(b) and the Indemnification Escrow Agreement and (iii) the third (3rd) annual anniversary of the Closing Date, and (z) the representations and warranties contained in Section 4.10 shall not survive the Closing (it being agreed that indemnification for Tax matters shall be governed solely by Article X; provided, however, that Sections 9.5 and 9.6 shall apply to any such matters); and

(b) each covenant and agreement of Seller and Purchaser contained in this Agreement which by its terms requires performance after the Closing Date (a "Post-Closing Covenant") shall survive the Closing and shall remain in full force and effect until such covenant or agreement is performed.

Section 9.2 Seller Indemnification.

(a) Subject to the provisions of this Article IX, Seller agrees from and after the Closing Date to indemnify Purchaser, the Company and their respective Affiliates, and their respective officers, directors, employees, agents, partners, successors

and assigns (each, a "Purchaser Indemnified Party"), against and hold them harmless from all liabilities, losses, damages, claims, reasonable and documented costs and expenses (including reasonable attorney's fees) actually suffered or incurred by them (including by way of set-off against assets or otherwise) (the foregoing, collectively, "Losses"), arising out of the following (collectively, the "Indemnity Matters"):

(i) the breach of any representation or warranty of Seller contained in this Agreement or in any certificate delivered pursuant hereto;

(ii) the breach of any Pre-Closing Covenant by Seller;

(iii) the breach of any Post-Closing Covenant by Seller;

(iv) the proceedings or matters specifically identified as "Shared Special Indemnity Matters" on Schedule 9.2(a)(iv) and any other proceedings or matters arising from the same or related facts and/or circumstances as such specifically identified proceedings or matters, to the extent that such claims arise out of conduct or activities prior to Closing (collectively, the "Shared Special Indemnity Matters");

(v) any liability of Seller for which any Transfer Group Company is liable or becomes liable solely as a result of Seller's direct or indirect ownership or control of such entity (and not as a result of any act, failure to act or agreement of such entity, regardless of whether it is alleged that Seller caused such Transfer Group Company to take such act, to fail to act, or to enter into such agreement); solely for the purposes of clarity, it is acknowledged and agreed that the liabilities in this Section 9.2(a)(v) shall not include the matters described in Section 9.2(a)(i), Section 9.2(a)(ii), Section 9.2(a)(iii), Section 9.2(a)(iv) or Article X; or

(vi) any liability arising from, related to or based on (x) alleged market manipulation and/or illegal trading activities conducted prior to Closing by any Transfer Group Company in the power markets located in the Western United States or (y) any improper action or improper inaction by any Transfer Group Company prior to the Closing in connection with any alleged market manipulation and/or illegal trading activities conducted by Seller or any of Seller's Affiliates in the power markets in the Western United States.

(b) Seller shall not be required to indemnify any Purchaser Indemnified Party pursuant to this Section 9.2 to the extent otherwise indemnifiable Losses (i) resulted from fraud, gross negligence, bad faith or willful misconduct of Purchaser, (ii) are the effect of a loss by the Company of its market based rate authority for a period of time up to twenty-four (24) months (it being understood that Purchaser shall be indemnified for effects of a loss by the Company of its market based rate

authority for a period in excess of twenty-four (24) months, but only for such excess period), provided that Purchaser shall not be indemnified for a loss by any Transfer Group Company of its market based rate authority for any period after the third (3rd) annual anniversary of Closing); provided further that the aggregate amount of Losses for which Purchaser is entitled to indemnification in connection with the loss by any Transfer Group Company of market based rate authority will not exceed the lesser of (x) the agreed sale price of wholesale power to a buyer, minus the adjusted price to that buyer after application of cost-based caps required by the loss of market based rate authority and (y) $1,000,000, or (iii) have been reserved for on the Company's balance sheet as of the 2002 Balance Sheet Date (to the extent such reserve is also on the Company's balance sheet as of the Closing Date for purposes of Schedule 2.1(a)) or otherwise have resulted in a reduction in the Purchase Price pursuant to the purchase price adjustment provisions herein.

(c) No claim may be asserted nor may any action be commenced against Seller pursuant to clause (i) or (ii) of Section 9.2(a) for breach of any representation or warranty or Pre-Closing Covenant, unless written notice of such claim or action (satisfying the requirements of Section 9.4(a) or Section 9.4(b), as applicable) is received by Seller on or prior to the date on which the representation or warranty or Pre-Closing Covenant on which such claim or action is based ceases to survive as set forth in Section 9.1.

(d) No claim may be made against Seller for indemnification pursuant to Sections 9.2(a)(i) or 9.2(a)(ii) unless the aggregate amount of all Losses of Purchaser Indemnified Parties upon which valid claims are based pursuant to Section 9.2(a)(i) and 9.2(a)(ii) (without taking into account the provisions of Section 9.5(a)) shall exceed an amount equal to $12.5 million (the "Basket Amount"), provided that, once such Losses equal or exceed the Basket Amount (without taking into account the provisions of Section 9.5(a)), subject to the other limitations in this Article IX, Purchaser may recover the entire Basket Amount and any additional Losses that are incurred.

(e) Any claim made against Seller for indemnification of Losses pursuant to Sections 9.2(a)(i), 9.2(a)(ii), 9.2(a)(iv), 9.2(a)(v) or 9.2(a)(vi) shall be recoverable only from the amounts deposited with the Indemnification Escrow Agent pursuant to Section 2.3(a)(ii), and the amounts paid to all parties (including Seller pursuant to Section 9.5(a)) in respect of such Losses pursuant to the terms hereof shall be limited to, in the aggregate, the Indemnification Cap. The "Indemnification Cap" means an amount equal to (i) $94 million, minus (ii) the Pre-Closing Settlement Amount, plus (iii) the Purchaser Settlement Amount; provided that the Indemnification Cap shall not be less than zero.

(f) The right to indemnification for Losses pursuant to Section 9.2(a)(iv) shall be further limited (A) with respect to any Shared Special

Indemnity Matters that are not the subject of a Projected Settlement Cap pursuant to Section 6.13(b)(i), such that the total amounts paid to all parties (including Seller pursuant to Section 9.5(a)) in respect of such Losses shall be limited to ninety percent (90%) of any such Losses and (B) with respect to any Shared Special Indemnity Matters that are the subject of a Projected Settlement Cap pursuant to Section 6.13(b)(i), such that the total amounts paid to all parties (including Seller pursuant to Section 9.5(a)) in respect of such Losses shall be limited to ninety percent (90%) of the Projected Settlement Cap with respect to such matters.

(g) All claims for indemnification made by Purchaser in accordance with this Section 9.2 shall, to the extent due and payable, be treated as an allowed administrative expense claim under Section 503(b)(1)(A) of the Bankruptcy Code against Seller.

Section 9.3 Purchaser Indemnification.

(a) Subject to the provisions of this Article IX, Purchaser agrees from and after the Closing Date to indemnify Seller, its Affiliates and their respective Representatives (each, a "Seller Indemnified Party"), against and hold them harmless from all Losses actually suffered or incurred by them arising out of:

(i) the breach of any representation or warranty of Purchaser contained in this Agreement or in any certificate delivered pursuant hereto;

(ii) the breach of any Pre-Closing Covenant by Purchaser; or

(iii) the breach of any Post-Closing Covenant by Purchaser.

(b) Purchaser shall not be required to indemnify any Seller Indemnified Party pursuant to this Section 9.3 to the extent any such Losses resulted from fraud, gross negligence, bad faith or willful misconduct of Seller.

(c) No claim may be asserted nor may any action be commenced against Purchaser pursuant to clause (i) or (ii) of Section 9.3(a) for breach of any representation or warranty or Pre-Closing Covenant, unless written notice of such claim or action (satisfying the requirements of Section 9.4(a) or Section 9.4(b), as applicable) is received by Purchaser on or prior to the date on which the representation or warranty or Pre-Closing Covenant on which such claim or action is based ceases to survive as set forth in Section 9.1.

Section 9.4 Procedures.

(a) A Purchaser Indemnified Party or a Seller Indemnified Party, as the case may be (for purposes of this Section 9.4, an "Indemnified Party"), shall give the

indemnifying party under Section 9.2 or 9.3, as applicable, (for purposes of this Section 9.4, an "Indemnifying Party"), prompt written notice of any matter which it has in good faith determined has given rise to a right of indemnification under this Agreement (the "Indemnity Notice"), within sixty (60) days of such determination, stating the amount of the Loss, if known, and method of computation thereof, if practicable, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises; provided that the Indemnified Party's failure to provide timely notice as provided herein shall not reduce the indemnification obligations of the Indemnifying Party except to the extent that the Indemnifying Party is materially and irreparably harmed by such failure to provide notice. If an Indemnifying Party notifies an Indemnified Party within the Dispute Period that it disputes its liability with respect to the claim described in the Indemnity Notice, an Indemnifying Party and an Indemnified Party shall proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations within the Resolution Period, such dispute shall be resolved in accordance with the provisions of Section 13.4.

(b) An Indemnified Party shall also give prompt written notice of any pending claim or demand by a third party (the "Third Party Claim Notice") to the Indemnifying Party that the Indemnified Party has in good faith determined will likely give rise to a right of indemnification hereunder (a "Third Party Claim"), describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim or demand. If an Indemnified Party fails to provide the Third Party Claim Notice with reasonable promptness after an Indemnified Party receives notice of such Third Party Claim, an Indemnifying Party shall be obligated to indemnify an Indemnified Party with respect to such Third Party Claim, except to the extent that an Indemnifying Party's ability to defend the relevant claim has been materially and irreparably prejudiced by such failure of an Indemnified Party. If an Indemnifying Party notifies an Indemnified Party within the Dispute Period that it disputes its liability to an Indemnified Party with respect to the Third Party Claim, an Indemnifying Party and an Indemnified Party shall proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations within the Resolution Period, such dispute shall be resolved in accordance with the provisions of Section 13.4.

(c) The Indemnified Party shall have the right to direct, through counsel of its own choosing (subject to the Indemnifying Party's right to reasonably object to such counsel), the defense or settlement of any Third Party Claim that is the subject of indemnification under this Article IX. The Indemnified Party shall use its reasonable best efforts to prosecute such Third Party Claim to a final conclusion in a timely manner and to structure any Settlement without taking into account the Indemnified Party's right to indemnification under this Article IX. Any Settlement by such Indemnified Party shall require the prior written consent of the Indemnifying Party (except in the case of emergency proceedings), which consent shall not be unreasonably withheld, delayed or conditioned; provided that if the Indemnifying Party does not object

in writing stipulating a basis for such objection to a Settlement within ten (10) days of receipt of notice of such settlement from the Indemnified Party, consent shall be deemed to have been given. The Indemnified Party shall keep the Indemnifying Party reasonably apprised of the status of, and all other material matters relating to, any Third Party Claim that is the subject of indemnification under this Article IX, and shall provide the Indemnifying Party with reasonable access to its records and personnel relating to any such claim, assertion, event or proceeding, and the Indemnifying Party shall cooperate with the Indemnified Party in the defense or settlement thereof.

(d) If an Indemnified Party shall (i) fail to undertake any such defense in a timely manner, (ii) fail to use its reasonable best efforts to prosecute such Third Party Claim to a final conclusion in a timely manner, or (iii) irrevocably waive its right to indemnity with respect to such Third Party Claim, an Indemnifying Party shall have the right to undertake such defense or settlement at its own expense.

Section 9.5 Computation of Indemnification Payments; Additional Indemnification Provisions.

(a) An Indemnified Party's right to indemnification in respect of any indemnifiable Loss pursuant to this Article IX, shall be limited to an amount equal to sixty-two and one half percent (62.5%) of such Loss (after taking into account the provisions of Section 9.2(f) if applicable); provided, however, that in the event the Indemnified Party delivers to the Indemnifying Party an opinion of independent legal counsel (which counsel shall be reasonably acceptable to the Indemnifying Party) to the effect that it is more likely than not that a deduction or deductions in respect of such Loss would not be allowable in one or more taxable years for U.S. federal income Tax purposes, the Indemnified Party's right to indemnification in respect of such Loss shall be for one-hundred percent (100%) of such Loss. The amount to be paid in respect of an indemnification obligation pursuant to the preceding sentence is referred to herein as the "Indemnification Payment Amount." Payment of the Indemnification Payment Amount to any Indemnified Party with respect to any Loss shall satisfy the Indemnifying Party's entire indemnification obligation to the Indemnified Party with respect to such Loss pursuant to this Article IX. In the event that (i) a Purchaser Indemnified Party is entitled to indemnification in respect of any Loss pursuant to this Article IX, (ii) such right to indemnification is limited to sixty-two and one half percent (62.5%) of such Loss pursuant to the first sentence of this Section 9.5(a), and (iii) the Indemnification Payment Amount in respect of Loss is paid out of the Indemnification Escrow Amount, a payment equal to thirty-seven and one half percent (37.5%) of such Loss (after taking into account the provisions of Sections 9.2(f) if applicable) simultaneously shall be paid to Seller out of the Indemnification Escrow Amount to the extent there are funds remaining to be paid out of the Indemnification Escrow Amount.

(b) An Indemnified Party shall use its reasonable best efforts as reasonably requested by the Indemnifying Party, to pursue any and all rights to reimbursement, recovery or indemnification with respect to all Losses for which it is entitled to indemnification under this Agreement pursuant to any contract, agreement, insurance policy or arrangement with any Person.

(c) If an Indemnifying Party pays an amount in discharge of any claim under this Agreement and an Indemnified Party or its Affiliates subsequently recovers from a third party a sum which is attributable to the subject matter of the claim, such Indemnified Party shall promptly pay to such Indemnifying Party an amount equal to all amounts recovered up to the aggregate amount thus paid by such Indemnifying Party hereunder.

(d) No party hereto (or its Affiliates) shall, under any circumstance, be liable to any other party (or its Affiliates) for any exemplary or punitive damages claimed by such other party due to any breach of this Agreement.

Section 9.6 Sole Remedy. From and after the Closing, except for the indemnification expressly provided for in Article X, the provisions of this Article IX shall be the sole and exclusive remedy of each party hereto for any breach of the other party's representations or warranties contained in this Agreement or in any certificate delivered pursuant to this Agreement or any breach of the other party's Pre-Closing Covenants. The provisions of Article X shall be the sole and exclusive remedy of each party for any claim in respect of Taxes and, other than Section 9.5(b), 9.5(c) and this Section 9.6 (each of which sections shall apply to any indemnification obligation arising pursuant to Article X), the provisions of this Article IX shall not apply to any such claims. Notwithstanding the foregoing, the parties agree that nothing in this Article IX is intended to eliminate or otherwise limit Purchaser's or Seller's right to seek injunctive relief or specific performance upon any other party's breach of any covenant or agreement set forth in this Agreement.

ARTICLE X

TAX AND ERISA MATTERS

Section 10.1 Tax Sharing Agreements. Any tax sharing agreement between Seller and the Transfer Group Companies is terminated as of close of business on the Closing Date and will have no further effect for any taxable year (whether the current year, a future year, or a past year).

Section 10.2 Preparation of Tax Returns; Payment of Taxes.

(a) (i) Where required by Applicable Law, Seller shall include the Transfer Group Companies in, or cause them to be included in, and shall file or cause to

be filed, (A) the United States consolidated federal income Tax Returns of Seller for all taxable periods of the Transfer Group Companies prior to the Closing Date and for any portion of a taxable period ending on the Closing Date; (B) where applicable, all other consolidated, combined or unitary Tax Returns (which include both (x) Seller (or at least one Subsidiary that is not a Transfer Group Company) and (y) any of the Transfer Group Companies) for all taxable periods ending on or prior to the Closing Date. Seller shall remit (or cause to be remitted) all Taxes due with respect to the Tax Returns referred to in clauses (A) and (B) of this Section 10.2(a)(i). Within 120 days after the Closing Date (or sooner if necessary to enable Seller to timely file a Tax Return), Purchaser shall cause each of the Transfer Group Companies to prepare and provide to Seller a package of Tax information materials, including schedules and work papers (the "Tax Package") required by Seller to enable Seller to prepare and file all Tax Returns (which have not been filed on or before the Closing Date) required to be prepared and filed by it pursuant to this Section 10.2(a)(i).

(ii) Seller shall cause the Transfer Group Companies to prepare and file all Tax Returns, other than a Tax Return described in Section 10.2(a)(i), required to be filed on or before the Closing Date. Seller shall cause the Transfer Group Companies to pay all Taxes shown due on Tax Returns described in this Section 10.2(a)(ii).

(iii) Purchaser shall prepare and file or cause to be prepared and filed, on behalf of the Transfer Group Companies, all other Tax Returns of, or which include, the Transfer Group Companies (other than those Tax Returns described in Sections 10.2(a)(i) and 10.2(a)(ii)). Purchaser, or the Transfer Group Companies, shall remit (or cause to be remitted) all Taxes shown due on Tax Returns referred to in this Section 10.2(a)(iii).

(b) (i) All Tax Returns described in Section 10.2(a) (including the Tax Package) shall be prepared in a manner consistent with past practice unless a past practice has been finally determined to be incorrect by the applicable Taxing Authority or a contrary treatment is required by applicable tax laws (or the judicial or administrative interpretations thereof).

(ii) Purchaser will provide Seller with copies of all Tax Returns it is required to file pursuant to Section 10.2(a)(iii) at least twenty (20) Business Days prior to the filing date; provided, however, that Purchaser shall have no obligation to furnish any Tax Returns referred to in Section 10.2(a)(iii) for which Seller has no liability for Taxes pursuant to Section 10.2(c) or Section 10.8. Seller shall be provided an opportunity to review such returns and supporting workpapers and schedules, and to propose changes, not later than ten (10) Business Days prior to the filing date of such Tax Returns. The failure of Seller

to propose any changes to any such Tax Returns prior to such ten (10) Business Day period shall be deemed to be an indication of its approval thereof.

(iii) Seller and Purchaser shall attempt in good faith mutually to resolve any disagreements regarding Tax Returns described in Section 10.2(b)(ii) prior to the due date for filing thereof. Any disagreements regarding such Tax Returns which are not resolved prior to the filing thereof shall be promptly resolved pursuant to Section 10.5 which shall be binding on the parties.

(c) To the extent permitted by Applicable Law or administrative practice of any Taxing Authority, (A) the taxable year of the Transfer Group Companies shall close as of the close of Business on the Closing Date and (B) all transactions not in the ordinary course of business occurring on the Closing Date but after the Closing shall be reported on Purchaser's consolidated United States federal income Tax Return to the extent permitted by Treasury Regulation 1.1502-76(b)(1)(ii)(B) and shall be similarly reported on all other Tax Returns of Purchaser or its Affiliates to the extent permitted. Seller, Purchaser and the Transfer Group Companies shall not take any position inconsistent with the preceding sentence on any Tax Return. If applicable law does not permit the Transfer Group Companies to close their taxable year as of the close of business on the Closing Date, or where Taxes are assessed with respect to a taxable period which includes the Closing Date (but does not begin or end on that day) (the "Straddle Period"), then Taxes, if any, attributable to the taxable period of the Transfer Group Companies beginning before and ending after the Closing Date shall be allocated (i) to Seller for the period up to and including the Closing Date other than Excluded Taxes (as defined below), and (ii) to Purchaser all other Taxes attributable to the Straddle Period. Any allocation of income or deductions required to determine any Taxes attributable to any period beginning before and ending after the Closing Date shall be made by means of a closing of the books and records of the Transfer Group Companies as of the close of business on the Closing Date; provided that exemptions, allowances or deductions that are calculated on an annual basis (including, but not limited to, depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period after the Closing Date in proportion to the number of days in each such period.

(d) Notwithstanding anything to the contrary herein, if Seller or Purchaser is responsible for all or a portion of the Taxes pursuant to Section 10.2(c) or Section 10.8 with respect to a Tax Return (the "Paying Party") and the other party is responsible for filing, or causing to be filed, such Tax Return pursuant to Section 10.2(a) (the "Preparing Party"), the Paying Party shall pay the amount of such Taxes for which the Paying Party is responsible to the Preparing Party no later than five (5) days prior to the filing of the underlying Tax Return. If a dispute arises (and is not resolved five (5) days prior to the filing of the Tax Return) between the Preparing Party and the Paying Party as to the Tax Return or the amount that the Paying Party owes to the Preparing

Party, the Paying Party shall pay to the Preparing Party the amount that the Paying Party believes is owing to the Preparing Party, and Seller and Purchaser shall resolve their dispute in accordance with Section 10.5. Within five (5) days following resolution of the dispute, the appropriate party shall pay to the other party any amount determined to be due upon final resolution of the dispute.

(e) Purchaser and Seller agree to furnish or cause to be furnished to each other, and each at their own expense, as promptly as practicable, such information (including access to books and records) and assistance, including making employees available on a mutually convenient basis to provide additional information and explanations of any material provided, relating to the Transfer Group Companies as is reasonably necessary for the filing of any Tax Returns, for the preparation for any audit, and for the prosecution or defense of any claim, suit or proceeding relating to any adjustment or proposed adjustment with respect to Taxes. Purchaser shall retain in its possession or cause the Transfer Group Companies to retain in its possession, and shall provide Seller reasonable access to (including the right to make copies of), such supporting books and records and any other materials that Seller may specify with respect to matters relating to Taxes for any taxable period ending on or prior to the Closing Date until the relevant statute of limitations has expired. After such time, Purchaser may dispose of such material; provided that prior to such disposition Purchaser shall give Seller a reasonable opportunity to take possession of such materials.

(f) Neither Purchaser nor any Affiliate or successor of Purchaser shall (or shall cause or permit any of the Transfer Group Companies to) amend, refile or otherwise modify any Tax Return relating in whole or in part to any Transfer Group Company with respect to any taxable year or period ending on or before the Closing Date (or which includes the Closing Date) without the prior consent of Seller.

Section 10.3 Certain Other Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement, if any, shall be borne 50 percent by Purchaser and 50 percent by Seller. Purchaser shall file all necessary Tax Returns and other documentation with respect to any such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by Applicable Law, Seller will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation and will cooperate with Purchaser to take such commercially reasonable actions as will minimize or reduce the amount of such Taxes.

Section 10.4 Tax Audits.

(a) Seller shall, at its election, have the sole right to represent the interests of the Transfer Group Companies in any audit or administrative or court proceeding relating to Taxes for taxable periods of the Transfer Group Companies which

end on or before the Closing Date and to employ counsel of its choice at its expense; provided that Seller does not dispute its obligation to indemnify Purchaser for the asserted liability. Purchaser agrees that it will cooperate fully, and shall cause the Transfer Group Companies to cooperate fully, with Seller and its counsel in the defense against or compromise of any claim in any said proceeding. Seller shall provide Purchaser with reasonable access to its records and personnel relating to any such proceeding. Seller shall have the right to settle or dispose of any claim in any said proceeding; provided that Seller shall consult with Purchaser regarding any such proceeding and shall allow Purchaser to participate in any such proceeding; provided, further, that no settlement or disposition of any claim for Tax which would adversely affect any Transfer Group Company in any taxable period ending after the Closing Date in any manner or to any extent (including, but not limited to, the imposition of income tax deficiencies, the reduction of asset basis or cost adjustments and the reduction of loss or credit carryovers) shall be agreed to without Purchaser's prior written consent (which consent shall not be unreasonably withheld). Notwithstanding anything to the contrary herein, Seller shall not be required to consult with Purchaser or seek Purchaser's consent to settle any tax proceeding which relates to items reported on a Tax Return of the type described in Section 10.2(a)(i), provided that Seller indemnifies Purchaser for any material adverse effects of any such settlement.

(b) If any Taxing Authority asserts a claim, makes an assessment or otherwise disputes or affects any Taxes for which Seller is responsible hereunder, Purchaser shall, promptly upon receipt by Purchaser or any Transfer Group Company of notice thereof, inform Seller thereof. The failure of Purchaser or any Transfer Group Company to timely forward such notification in accordance with the immediately preceding sentence shall not relieve Seller of its obligation to pay such liability for Taxes except and to the extent that the failure to timely forward such notification actually prejudices the ability of Seller to contest such liability for Taxes or increases the amount of such Taxes.

(c) Seller and Purchaser jointly shall represent the interests of the Transfer Group Companies in any audit or administrative or court proceeding relating to Taxes for any Straddle Period. Any disputes regarding the conduct or resolution of any such audit or proceeding shall be resolved pursuant to Section 10.5.

(d) Purchaser shall have the sole right to represent the interests of the Transfer Group Companies in all other audits or administrative or court proceedings relating to Taxes.

Section 10.5 Dispute Resolution. In the event that Seller or Purchaser disputes the application or interpretation of any provision of Sections 10.2 and 10.4, or the amount or calculation of Taxes, if any, owed by such party thereunder, such party shall deliver to the other a statement setting forth, in reasonable detail, the nature of and

dollar amount of any disagreement so asserted. The parties shall attempt in good faith to resolve such dispute within twenty (20) days following the commencement of such dispute. If the parties are unable to resolve such dispute within such twenty (20) day period, the dispute shall be resolved by an Accounting Referee appointed in accordance with the procedures set forth in Schedule 2.1(a). The Accounting Referee shall determine, only with respect to the specific disagreements submitted in writing by Seller and Purchaser, the manner in which such item or items in dispute should be resolved; provided, however, that the dollar amount of any such item or items shall be determined within the range of dollar amounts proposed by Seller, on the one hand, and Purchaser, on the other hand. The Accounting Referee shall be directed to make such determination promptly, but in no event later than thirty (30) days after acceptance of its appointment. Any finding by the Accounting Referee shall be a reasoned award stating the findings of fact and conclusions of law (if any) on which it is based, shall be final and binding upon the parties and shall be the sole and exclusive remedy between the parties regarding the disputed items so presented. The fees and expenses of the Accounting Referee shall be shared by Seller and Purchaser in proportion to each party's respective liability for Taxes which are the subject of the dispute as determined by the Accounting Referee, and the parties shall otherwise bear their own expenses incurred in any dispute resolution pursuant to this Section 10.5.

Section 10.6 Refunds and Tax Benefits. Any refunds of Taxes paid to (or on behalf of) any Transfer Group Company (including any amounts credited against income tax to which Purchaser or any Transfer Group Company becomes entitled) and that relate to Tax periods or portions thereof ending on or before the Closing Date shall be for the account of Seller. Purchaser shall cause the Transfer Group Company to pay over to Seller any such refund or the amount of any such credit within fifteen (15) days after receipt or entitlement thereto. Any refunds or credits of Taxes of the Transfer Group Companies for any Straddle Period shall be equitably apportioned between Seller and Purchaser. Purchaser shall, if Seller so requests and at Seller's expense, prepare, execute and file any claims for any refunds or credits, or cause the Transfer Group Companies to prepare, execute and file any claims for any refunds or credits, to which Seller is entitled under this Section 10.6; provided such refund claim would not adversely affect any Transfer Group Company in any taxable period ending after the Closing Date in any manner. Purchaser shall permit Seller to control the prosecution of any such refund.

Section 10.7 Certain Elections.

(a) At Seller's request, Purchaser shall cause any of the Transfer Group Companies to make and/or join with Seller in making any election after the Closing Date; provided that the making of such election does not have an adverse impact on Purchaser (or the Transfer Group Companies) for any Tax period ending after the Closing Date.

(b) Purchaser shall not permit the Transfer Group Companies to carry back any loss, deduction or credit to any taxable period that ends on, prior to or which includes the Closing Date.

Section 10.8 Tax Indemnification.

(a) Seller hereby agrees to indemnify and hold Purchaser Indemnified Parties harmless from and against any and all Taxes that (x) are imposed upon or assessed against the Transfer Group Companies or the assets or the properties thereof and (y) are not barred from recovery under the applicable statute of limitations:

(i) with respect to Taxes of Seller or any Affiliate with which Seller files a consolidated, combined or similar Tax Return (other than a Transfer Group Company) imposed upon the Transfer Group Companies by reason of the Transfer Group Companies being severally liable for any Taxes of any other Person pursuant to Section 1.1502-6(a) of the Treasury Regulations or any analogous state, local or foreign law

(ii) with respect to Taxes of the Transfer Group Companies for all taxable periods ending on or prior to the Closing Date (including, without limitation, such Taxes imposed upon such Transfer Group Companies by reason of the Transfer Group Companies being severally liable for any Taxes of any other Person pursuant to Section 1.1502-6(a) of the Treasury Regulations or any analogous state, local or foreign law);

(iii) with respect to Taxes of the Transfer Group Companies for the period allocated to Seller pursuant to Sections 10.2(c) and 10.3; and

(iv) with respect to Taxes that are imposed on any of the Transfer Group Companies for any taxable periods ending on or prior to the Closing Date by reason of being a successor-in-interest or transferee of another entity;

provided, however, that Seller shall not be liable for and shall not indemnify Purchaser Indemnified Parties against: (1) any liability for Taxes resulting from transactions or actions out of the ordinary course of business taken by Purchaser or any Affiliate (including the Transfer Group Companies) or any transferee of Purchaser or any of its Affiliates after the Closing on the Closing Date or after the Closing Date (2) any interest or penalties attributable to the untimely filing of a Tax Return which Purchaser is required to file under Section 10.2(a)(iii) and (3) any Taxes that result from an actual or deemed election under Section 338 of the Code or any similar provisions of domestic or foreign state law in connection with the transactions contemplated by this Agreement (Taxes described in this proviso, together with any other Taxes, to the extent that such other Taxes (i) are reflected in the net reserve for Taxes (other than the portion of such

reserve for Taxes which is attributable to differences between tax basis and carrying value of assets over liabilities), and (ii) reduce Final Common Shareholder's Equity and Retained Earnings referred to hereinafter as "Excluded Taxes")).

Notwithstanding the foregoing, Seller shall be liable pursuant to this Section 10.8(a) only to the extent that such Taxes (together with Taxes taken into account in respect of all prior valid claims for indemnification pursuant to Section 10.8(a)) are in excess of the amount of any Taxes that (i) are reflected in the net reserve for Taxes (other than the portion of such reserve for Taxes which is attributable to differences between tax basis and carrying value of assets over liabilities) and (ii) reduce Final Common Shareholder's Equity and Retained Earnings.

(b) Seller shall indemnify and hold harmless Purchaser Indemnified Parties from and against any (i) Losses incurred in connection with the Taxes for which Seller is responsible to indemnify Purchaser Indemnified Parties pursuant to Section 10.8(a) or the enforcement of Section 10.8(a) and this Section 10.8(b) or (ii) incurred as a result of a breach by Seller of any covenant contained in this Article X.

(c) Purchaser agrees to indemnify and hold harmless Seller Indemnified Parties from and against (i) any and all Taxes of the Transfer Group Companies with respect to any taxable period of the Transfer Group Companies beginning after the Closing Date and any Excluded Taxes, (ii) any Taxes allocated to Purchaser pursuant to Sections 10.2(c) and 10.3, (iii) any and all Losses incurred in connection with the Taxes for which Purchaser is responsible to indemnify Seller Indemnified Parties pursuant to this Section 10.8(c) or the enforcement of this Section 10.8(c) and (iv) any and all Losses incurred as a result of a breach by Purchaser of any of the covenants contained in this Article X.

(d) All claims for indemnification made by Purchaser in accordance with this Section 10.8 shall, to the extent due and payable, be treated as an allowed administrative expense claim under Section 503(b)(1)(A) of the Bankruptcy Code against Seller.

Section 10.9 Employee Benefits Indemnification. Subject to the provisions of this Section 10.9, Seller hereby agrees to indemnify and hold Purchaser Indemnified Parties harmless from and against any and all Losses arising out of any employee benefit plan that are imposed upon or assessed against a Transfer Group Company or the assets thereof (i) relating to any defined benefit pension plan liabilities with respect to the Enron Corporation Cash Balance Plan (or any predecessor thereto) and any other defined benefit pension plans maintained by Seller or any of its ERISA Affiliates other than any Transfer Group Company, arising under Title IV of ERISA due to any Transfer Group Company being considered an ERISA Affiliate of Seller, (ii) relating to the Enron Corp. Savings Plan (including without limitation, any liabilities due

to the status of the Company as a participating employer under Enron Corp. Savings Plan or due to the participation by the Company employees or former employees in the Enron Corp. Savings Plan (other than claims that any Transfer Group Company failed to make normal and customary contributions required by the express terms of the Enron Corp. Savings Plan)), (iii) arising out of or in connection with (A) claims by any Person (including without limitation current or former employees and non-employee directors of Portland General Corporation and Portland General Holdings, Inc.) other than a current or former employee or non-employee director of the Company with respect to benefits accrued for service with the Company or a direct creditor of the Company against the assets set aside in the Portland General Electric Company Umbrella Trust for Management and/or the Portland General Electric Company Umbrella Trust for Outside Directors or any predecessor or successor trusts thereto holding assets intended to be available to fund claims incurred by current or former employees and non-employee directors of the Company under any benefit plan, arrangement or agreement maintained by the Company (including without limitation the Portland General Holdings, Inc. Management Deferred Compensation Plan, the Portland General Holdings, Inc. Deferred Compensation Plan for Non-Employee Directors, the Portland General Holdings, Inc. Supplemental Executive Retirement Plan, the Portland General Holdings, Inc. Retirement Plan for Directors, the Portland General Electric Company Senior Officers' Life Insurance Benefit Plan and the Portland General Electric Company Outside Directors' Life Insurance Benefit Plan and any successor or predecessor plans thereto) and (B) any other claim for benefits in the nature of deferred compensation or nonqualified retirement benefits by any current or former employees and non-employee directors of Portland General Corporation or Portland General Holdings, Inc., (other than claims for benefits by a current or former employee or non-employee director of the Company with respect to benefits accrued for service with the Company) that were intended to be paid through assets set aside in the Portland General Holdings, Inc. Umbrella Trust for Management or the Portland General Holdings, Inc. Umbrella Trust for Outside Directors or any predecessor or successor trusts or subtrusts thereto, or (iv) relating to any group health insurance plans sponsored or maintained by Seller or any of its ERISA Affiliates other than a Transfer Group Company with respect to any termination of any such plans arising under Section 4980B of the Code. In the event that any Liability for which Seller may be liable to any Purchaser Indemnified Party hereunder is asserted or sought to be collected, Purchaser Indemnified Party shall promptly notify Seller in writing; provided that no delay in giving notice shall relieve Seller of any indemnification obligation hereunder, except to the extent that Seller is materially prejudiced by such delay. Seller shall control the investigation, defense and settlement of any claims under this Section 10.9. Seller shall provide Purchaser with reasonable access to its records and personnel relating to any such proceeding. Seller shall have the right to settle or dispose of any claim in any such proceeding; provided that Seller shall not consent to any settlement without the prior written consent of Purchaser unless such settlement (a) includes a complete release of Purchaser Indemnified Parties that are subject to a Liability that is asserted and (i) does not require any Purchaser Indemnified Party to make any payment or forego or take any

action. The Purchaser Indemnified Parties shall cooperate fully with Seller and its counsel in the investigation, defense and settlement of any claims pursuant to this Section 10.9. All claims for indemnification made by Purchaser in accordance with this Section 10.9 shall, to the extent due and payable, be treated as an allowed administrative expense claim under Section 503(b)(1)(A) of the Bankruptcy Code against Seller.

Section 10.10 Tax Treatment of Indemnity Payments. Seller and Purchaser agree to treat any indemnity payment made pursuant to Article IX and this Article X as an adjustment to the Purchase Price for federal, state, local and foreign income Tax purposes.

Section 10.11 Limitations on Indemnity Payments. (a) Seller and Purchaser agree that the indemnification payments under this Article X, when combined with all other indemnification payments made by Seller under this Agreement, in the aggregate, shall not exceed the Purchase Price. The parties agree that payments pursuant to this Article X may (in Purchaser's sole discretion) be paid out of the Indemnification Escrow Amount, provided that there is no requirement that such be the case.

(b) An Indemnified Party's right to indemnification in respect of any indemnifiable Loss pursuant to Section 10.8 or 10.9, shall be limited to an amount equal to sixty-two and one half percent (62.5%) of such Loss; provided, however, that in the event the Indemnified Party (i) does not claim a Tax deduction on any Tax Return in respect of all or any portion of such Loss and (ii) delivers to the Indemnifying Party an opinion of nationally-recognized tax counsel (which counsel shall be reasonably acceptable to the Indemnifying Party) to the effect that it is more likely than not that a deduction or deductions in respect of such Loss would not be allowable in one or more taxable years for U.S. federal income Tax purposes, the Indemnified Party's right to indemnification in respect to such Loss shall be for one-hundred percent (100%) of such Loss. Payment of the amount specified in the preceding sentence to any Indemnified Party with respect to the relevant Loss shall satisfy the Indemnifying Party's entire indemnification obligation to the Indemnified Party with respect to such Loss pursuant to Section 10.9.

ARTICLE XI

RESOLUTION OF CERTAIN CLAIMS

Section 11.1 Notice of Claims. On or prior to the thirtieth (30th) day after the third (3rd) annual anniversary of the Closing Date, Purchaser shall provide written notice to Seller (the "Claims Notice"), which notice shall include a list of:

(a) all matters identified on Schedule 9.2(a)(iv) that, as of the third (3rd) annual anniversary of the Closing Date are not finally settled or resolved, any such settlements or resolutions that are the subject of an appeal or as to which Seller has not paid or otherwise satisfied its indemnification obligations under Section 9.2(a); and

(b) all matters described in Section 9.2(a)(i), Section 9.2(a)(ii), Section 9.2(a)(iii), Section 9.2(a)(v), Section 9.2(a)(vi), and all matters arising from the same or related facts and/or circumstances as the matters identified on Schedule 9.2(a)(iv) arising out of conduct or activities prior to the Closing, that have been the subject of an Indemnity Notice or a Third Party Claim Notice on or prior to the earlier of the expiration of the relevant survival period for such matter pursuant to Section 9.1 hereof and the third (3rd) annual anniversary of the Closing Date and, as of the third (3rd) annual anniversary of the Closing Date, are not finally settled or resolved, and any such settlements or resolutions that are the subject of an appeal or as to which Seller has not paid or otherwise satisfied its indemnification obligations under Section 9.2.

Section 11.2 Negotiation. Following receipt of the Claims Notice, Purchaser and Seller shall negotiate in good faith for a period of fifteen (15) days in an attempt to reach agreement on a payment to satisfy Seller's indemnification obligation in respect of each such matter listed on the Claims Notice. Such fifteen (15) day period may be extended by mutual agreement of Purchaser and Seller. Notwithstanding the foregoing provision, either Purchaser or Seller may also, at any time during such fifteen (15) day period, cease such negotiations and demand submission of such matters to the Bankruptcy Court for a determination pursuant to Section 11.3. Seller and Purchaser shall proceed in such a manner and hereby agree that all discussions, negotiations and all other information exchanged between the Parties during the foregoing negotiation period shall be without prejudice to the position of either Party and therefore evidence related thereto shall be inadmissible in any proceeding before the Bankruptcy Court.

Section 11.3 Commencement of Proceeding.

(a) If such negotiations do not resolve each matter referred to in the Claims Notice, each such unresolved matter shall be submitted to the Bankruptcy Court for a determination of the amount, if any, of payment by Seller (out of the remaining amount held in escrow by the Indemnification Escrow Agent) that shall be made to satisfy Seller's indemnification obligation in respect of such matter pursuant to the terms hereof.

(b) Expedited Proceeding. Purchaser and Seller agree to use their reasonable best efforts to facilitate an expedited resolution of all matters submitted to the Bankruptcy Court pursuant to this Article XI.

(c) Limitations. Notwithstanding the foregoing, this Article XI and all determinations of the amount to be paid to Purchaser to satisfy Seller's outstanding indemnification obligations for the matters referred to in the Claims Notice shall remain subject to the limitations contained in Sections 9.2(d), 9.2(e), 9.2(f) and 9.5.

ARTICLE XII

DEFINITIONS

Section 12.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 12.1:

"2002 Balance Sheet" means the audited consolidated balance sheet of the Company, dated December 31, 2002.

"2002 Balance Sheet Date" shall have the meaning set forth in paragraph (a) of Schedule 2.1(a).

"Accounting Principles" shall have the meaning set forth in paragraph (a) of Schedule 2.1(a).

"Accounting Referee" shall have the meaning set forth in paragraph (h) of Schedule 2.1(a).

"Action" means any action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority of any nature, civil, criminal, regulatory or otherwise, in law or in equity.

"Adjusted Base Purchase Price" shall have the meaning set forth in Section 2.1(a).

"Adjusted Income (Loss) Available for Common Stock" shall have the meaning set forth in paragraph (c) of Annex C to Schedule 2.1(a).

"Affiliate" (and, with a correlative meaning "Affiliated") means, with respect to any Person, any direct or indirect subsidiary of such Person, and any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

"Agreement" shall have the meaning set forth in the preamble hereto.

"Alternative Transaction" shall have the meaning set forth in Section 6.4(b).

"Applicable Law" means, with respect to any Person, any Law applicable to such Person or its business, properties or assets.

"Approval Order" shall have the meaning set forth in Section 7.1(b).

"Auction" means the auction for sale of the Shares, as contemplated by the Bidding Procedures Order in the event that there are any Qualified Competing Bids (as defined in the Bidding Procedures Order).

"Auction Termination Date" shall have the meaning set forth in Section 6.4(c).

"Balance Sheet" means the unaudited consolidated balance sheet of the Company, dated June 30, 2003.

"Balance Sheet Date" means June 30, 2003.

"Bankruptcy Cases" means the chapter 11 cases commenced by Seller and certain of its direct and indirect subsidiaries on or after December 2, 2001, including any cases commenced after the date of this Agreement, jointly administered under Case No. 01-16034-(AJG).

"Bankruptcy Code" means title 11 of the United States Code, as amended.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York or any other court having jurisdiction over the Bankruptcy Cases from time to time.

"Base Purchase Price" shall have the meaning set forth in Section 2.1(a).

"Basket Amount" shall have the meaning set forth in Section 9.2(d).

"Bidding Procedures Motion" means the motion to be filed by Seller with the Bankruptcy Court seeking, among other things, entry of the Bidding Procedures Order.

"Bidding Procedures Order" means an Order of the Bankruptcy Court, substantially in the form attached hereto as Exhibit G and in form and substance reasonably acceptable to Purchaser that, among other things, (A) grants the Bidding Procedures Motion, (B) establishes the requirements for Qualified Competing Bids (as defined therein), (C) sets forth the procedures relating to an Auction and the rules and

procedures for any bidding to take place at such auction, (D) establishes the mechanism for selecting the highest or best offer for the Shares, and (E) approves the Break-Up Fee and provides that, if Seller's obligation to pay the Break-Up Fee arises, such obligation shall constitute an administrative expense under sections 503(b) and 507(a)(1) of the Bankruptcy Code and shall be payable in accordance with the provisions of Section 3.4 of this Agreement without further order of the Bankruptcy Court.

"Break-Up Fee" means an amount equal $31.25 million to be paid by Seller to Purchaser under the circumstances set forth in Section 3.4 as an allowed administrative expense under Section 503(b)(1)(A) of the Bankruptcy Code against Seller.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

"Casualty Insurance Claims" shall have the meaning set forth in Section 6.10(c).

"Claims Notice" shall have the meaning set forth in Section 11.1.

"Closing" shall have the meaning set forth in Section 3.1.

"Closing Date" means the date on which the Closing occurs.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commitment Letter" shall have the meaning set forth in Section 6.15(a).

"Common Shareholder's Equity and Retained Earnings" shall have the meaning set forth in paragraph (a) of Schedule 2.1(a).

"Company" shall have the meaning set forth in the recitals hereto.

"Company Nuclear Facility" shall have the meaning set forth in Section 4.20.

"Company's Accounting Practices" shall have the meaning set forth in Annex B to Schedule 2.1(a).

"Confidential Information" shall have the meaning set forth in Section 6.6(b).

"Contract" means any written contract, indenture, note, bond, loan, instrument, lease, commitment or other agreement.

"Credit Facilities" shall have the meaning set forth in the Debt Financing Letter.

"Creditors Committee" shall have the meaning set forth in Section 6.6(d)(ii).

"Debt Financing Letter" shall have the meaning set forth in Section 5.6.

"Decommissioning Plan" means the decommissioning plan relating to the Company Nuclear Facility as approved by NRC on April 15, 1996, and revisions thereto, as delivered by Seller to Purchaser on or prior to the date hereof.

"Department of Labor" means the United States Department of Labor.

"Department of Justice" means the United States Department of Justice.

"Deposit Escrow Agent" shall have the meaning set forth in Section 2.1(b).

"Deposit Escrow Agreement" shall have the meaning set forth in Section 2.1(b).

"Deposit Funds" shall have the meaning set forth in Section 2.1(b).

"Disputed Item" shall have the meaning set forth in paragraph (d) of Schedule 2.1(a).

"Dispute Period" shall mean the period ending five (5) Business Days following receipt by an Indemnifying Party of either a Claim Notice or an Indemnity Notice.

"Distribution" shall mean a distribution of the Company's equity securities (or a transaction that has a similar effect) primarily to Seller's creditors and creditors of Seller's Affiliates pursuant to Seller's Chapter 11 Plan.

"Employee Benefit Plans" shall have the meaning set forth in Section 4.9(a).

"Environmental Laws" means all Applicable Laws in effect on the date hereof relating to the environment, natural resources or the protection thereof, including but not limited to any applicable provisions of the Comprehensive Environmental

Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 5801 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. § 136 et seq., and the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq., and the regulations promulgated pursuant thereto, and all analogous state or local statutes.

"Equity Financing Letter" shall have the meaning set forth in Section 5.6.

"Equity Funds" shall have the meaning set forth in Section 5.6.

"ERISA" shall have the meaning set forth in Section 4.9(a).

"ERISA Affiliate" means, with respect to any entity, any trades or businesses (whether or not incorporated) that are under control of, or that are treated as a single employer with such entity under Sections 414(b), (c), (m) or (o) of the Code.

"Estimated Closing Statement" shall have the meaning set forth in paragraph (b) of Schedule 2.1(a).

"Estimated Purchase Price Adjustment" shall have the meaning set forth in paragraph (b) of Schedule 2.1(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Taxes" shall have the meaning set forth in Section 10.8(a).

"FERC" means the Federal Energy Regulatory Commission.

"Final Closing Statement" shall have the meaning set forth in paragraph (c) of Schedule 2.1(a).

"Final Common Shareholder's Equity and Retained Earnings" shall have the meaning set forth in paragraph (a) of Annex C to Schedule 2.1(a).

"Final Purchase Price Adjustment" shall have the meaning set forth in paragraph (c)(ii) of Schedule 2.1(a).

"Financial Statements" shall have the meaning set forth in Section 4.6.

"Financing Letters" shall have the meaning set forth in Section 5.6.

"Federal Trade Commission" means the United States Federal Trade Commission.

"GAAP" means United States generally accepted accounting principles as in effect during the time period of the relevant financial statement.

"good faith purchaser" has the meaning set forth in Section 6.4(a).

"Government Approval" means any Order or Permit issued by, or declaration or filing with, or notification to, or waiver from, any Governmental Authority.

"Governmental Authority" means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any governmental authority, agency, department, board, commission or instrumentality of the United States, any state of the United States or any political subdivision thereof, and any tribunal, court or arbitrator(s) of competent jurisdiction, including the Bankruptcy Court.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Indemnification Cap" shall have the meaning set forth in Section 9.2(e).

"Indemnification Escrow Agent" shall have the meaning set forth in Section 2.3(a)(ii).

"Indemnification Escrow Agreement" shall have the meaning set forth in Section 2.3(a)(ii).

"Indemnification Escrow Amount" shall have the meaning set forth in Section 2.3(b).

"Indemnification Payment Amount" shall have the meaning set forth in Section 9.5(a).

"Indemnified Party" shall have the meaning set forth in Section 9.4(a).

"Indemnifying Party" shall have the meaning set forth in Section 9.4(a).

"Indemnity Matters" shall have the meaning set forth in Section 9.2(a).

"Indemnity Notice" shall have the meaning set forth in Section 9.4(a).

"Insurance Policies" shall have the meaning set forth in Section 6.10(c).

"IRS" means the United States Internal Revenue Service.

"Latest Audited Financial Statements" shall have the meaning set forth in paragraph (d) of Schedule 2.1(a).

"Law" means any federal, state or local law (including common law), statute, code, ordinance, rule, regulation or other requirement enacted, promulgated, issued or entered by a Governmental Authority.

"Leased Property" shall have the meaning set forth in Section 4.22(a).

"Letter of Credit" shall have the meaning set forth in Section 2.1(b).

"Lien" means any lien, pledge, mortgage, deed of trust, security interest, claim, lease, charge, option, right of first refusal, easement, servitude, transfer restriction under any shareholder or similar agreement or any other interest or encumbrance.

"Losses" shall have the meaning set forth in Section 9.2(a).

"Managing Members" shall have the meaning set forth in Exhibit D hereto.

"Material Contracts" means those contracts referred to in clauses (y) (to the extent any such contract is material to the Transfer Group Companies as a whole), (z) and (i) through (vii) of Section 4.16(a).

"Merchant Book" means gas and power trading positions outside the Company's retail (non-trading) electric utility business.

"Notes" shall have the meaning set forth in the Debt Financing Letter.

"NRC" means the Nuclear Regulatory Commission.

"Objection" shall have the meaning set forth in paragraph (d) of Schedule 2.1(a).

"Objection Date" shall have the meaning set forth in paragraph (d) of Schedule 2.1(a).

"Objection Period" shall have the meaning set forth in paragraph (d) of Schedule 2.1(a).

"OPUC" means the Oregon Public Utility Commission.

"Order" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award.

"Ordinary Course of Business" shall refer to the ordinary course conduct of business by the Transfer Group Companies during the period from December 2, 2001 through the date of execution of this Agreement.

"Outside Date" means the one year anniversary of the date of execution of this Agreement; provided, however, that (i) on the one-year anniversary of the date of execution of this Agreement, the Outside Date shall be extended for six (6) months if the Closing shall not have occurred because of any delay in obtaining, or due to the failure to obtain, any approval of one or more Governmental Authorities that is necessary to satisfy the conditions set forth in Section 7.1(c) (including any delay in satisfying or failure to satisfy any other closing condition that is caused by the delay in obtaining or the failure to obtain such approval of any Governmental Authority) and (ii) any time prior to the occurrence of the Outside Date then in effect, Seller, in its sole discretion, may extend the Outside Date for up to ninety (90) additional days if (x) the Closing shall not have occurred solely because of a failure to satisfy the conditions set forth in Section 7.2(e) and (y) such failure was the result of a material disruption in the markets for senior and/or subordinated debt for leveraged transactions affecting substantially all lending, underwriting or syndication activity for such transactions so that Purchaser is unable to obtain adequate financing to effect the transactions contemplated hereby on commercially reasonable terms; provided that Seller may not extend the Outside Date pursuant to clause (ii) more than once.

"Owned Property" shall have the meaning set forth in Section 4.22(a).

"Paying Party" shall have the meaning set forth in Section 10.2(d).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permits" means any approvals, authorizations, consents, licenses, permits or certificates.

"Permitted Exceptions" means (i) all Liens and exceptions disclosed in policies of title insurance set forth on Schedule 4.15; (ii) statutory Liens for current taxes, assessments or other governmental charges not yet delinquent or the amount or validity of which is being contested in good faith by appropriate proceedings, (iii) mechanics', carriers', workers', repairers' and similar Liens; (iv) zoning, entitlement and other land use and environmental regulations by any Governmental Authority; (v) Liens securing indebtedness permitted under Section 6.2(b)(vi); (v) Liens incurred in the Ordinary Course of Business; and (vi) Liens to secure indebtedness under the Indenture of Mortgage and Deed of Trust, dated July 1, 1945, between the Company and HSBC Bank USA (formerly Marine Midland Bank Trust Company of New York), as Trustee, as amended and supplemented from time to time.

"Person" means and includes natural persons, corporations, limited partnerships, limited liability companies, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and all Governmental Authorities.

"Plans" shall have the meaning set forth in Section 4.9(b).

"Post-Closing Covenants" shall have the meaning set forth in Section 9.1(b).

"Power Act" means the Federal Power Act, as amended.

"Pre-Closing Covenants" shall have the meaning set forth in Section 9.1(a).

"Pre-Closing Settlement Amount" shall have the meaning set forth in Section 2.2(b).

"Pre-Signing Settlement Amount" shall mean an amount equal to the sum of: (i) any amounts paid or to be paid to third parties by the Transfer Group Companies to settle or otherwise resolve any Shared Special Indemnity Matters with respect to the liability of any Transfer Group Company, pursuant to an agreement or arrangement with respect thereto entered after the 2002 Balance Sheet Date and prior to the execution and delivery of this Agreement and (ii) the amount of any reserves on the balance sheet of the Transfer Group Companies that were taken with respect to any Shared Special Indemnity Matters after the 2002 Balance Sheet Date and prior to the execution and delivery of this Agreement (but only to the extent that (A) such reserves were not on the 2002 Balance Sheet, (B) the Purchase Price is being reduced on account of such reserves pursuant to the provisions of Schedule 2.1(a) and (C) such amounts do not relate to amounts included in clause (i) above or the Pre-Closing Settlement Amount). Unless otherwise specified herein, all amounts taken into account in computing the Pre-Signing Settlement Amount shall be considered on a pre-tax basis.

"Preferred Stock" means the Company's 7.75% Series Cumulative Preferred Stock, no par value.

"Preparing Party" has the meaning set forth in Section 10.2(d).

"Prime Rate" means the prime lending rate as reported in the Wall Street Journal (under the heading "Money Rates") on the Closing Date.

"Proceedings" shall have the meaning set forth in Section 6.13(a).

"Projected Settlement Cap" shall have the meaning set forth in Section 6.13(b)(i).

"PUHCA" means the Public Utility Holding Company Act of 1935, as amended.

"Purchase Price" shall have the meaning set forth in Section 2.1(a).

"Purchaser" shall have the meaning set forth in the preamble hereto.

"Purchaser Confidentiality Agreement" means the letter agreement dated June 21, 2002 between Seller and Northwest Natural Gas Company, to which TPG III was made a party pursuant to a letter agreement dated February 12, 2003, as amended on August 6, 2003, and as may be further amended from time to time.

"Purchaser Indemnified Party" shall have the meaning set forth in Section 9.2(a).

"Purchaser Material Adverse Effect" means any change, circumstance or event that would materially hinder or delay Purchaser's ability to consummate the transactions contemplated by this Agreement.

"Purchaser Required Government Approvals" means the Government Approvals set forth on Schedule 5.3(b).

"Purchaser Settlement Amount" shall have the meaning set forth in Section 2.2(a).

"Real Property" shall have the meaning set forth in Section 4.22(a).

"Real Property Lease" shall have the meaning set forth in Section 4.22(a).

"Receiving Party" shall have the meaning set forth in Section 6.6(b).

"Related Party Contracts" means any contracts between any Transfer Group Company, on the one hand, and Seller or any of its Subsidiaries or any other Affiliate of Seller (other than any Transfer Group Company), on the other hand, including any contracts entered into after the date hereof.

"Representatives" means, with respect to any Person, its officers, directors, employees, attorneys, investment bankers, accountants, partners and other agents and representatives.

"Required Government Approvals" means the Seller Required Government Approvals and the Purchaser Required Government Approvals.

"Reserve" shall have the meaning set forth in Section 6.13(c).

"Reserve Notice" shall have the meaning set forth in Section 6.13(c).

"Reserve Objection Notice" shall have the meaning set forth in Section 6.13(d).

"Resolution Period" shall mean the period ending thirty (30) days following receipt by an Indemnifying Party of a written notice from an Indemnifying Party stating that it disputes all or any portion of a claim set forth in an Indemnity Notice or a Third Party Claim Notice.

"Restricted Indebtedness" shall have the meaning set forth in Section 6.2(b)(vi).

"Restructuring" shall have the meaning set forth in Section 6.20(a).

"Retained Earnings" shall have the meaning set forth in in paragraph (b) of Annex C to Schedule 2.1(a).

"Sale Motion" means the motion to be filed with the Bankruptcy Court by Seller seeking entry of the Approval Order.

"SEC" means the Securities and Exchange Commission, or any successor thereto.

"SEC Reports" shall have the meaning set forth in Section 4.6.

"Securities Act" shall have the meaning set forth in Section 5.5.

"Section 203 Application" means the approval required under Section 203 of the Power Act for the sale of the Shares to Purchaser.

"Section 205 Application" means the approval required under Section 205 of the Power Act for the Restructuring.

"Seller" shall have the meaning set forth in the preamble hereto.

"Seller Confidentiality Agreement" means the letter agreement, dated August 28, 2003, between TPG III and Seller.

"Seller Guarantees" shall have the meaning set forth in Section 6.16.

"Seller Indemnification Percentage" shall have the meaning set forth in Section 9.2(g).

"Seller Indemnified Party" shall have the meaning set forth in Section 9.3(a).

"Seller Material Adverse Effect" means any change, circumstance or event that would materially hinder or delay Seller's ability to consummate the transactions contemplated by this Agreement, excluding any such change, circumstance or event to the extent resulting from the filing of the Bankruptcy Cases, or the conversion or dismissal of any Bankruptcy Cases or the appointment of a chapter 11 trustee or examiner.

"Seller Party" and "Seller Parties" shall have the meaning set forth in Section 6.4(b).

"Seller Required Government Approvals" means the Government Approvals set forth on Schedule 4.3(b).

"Seller's Chapter 11 Plan" shall mean any plan filed by Seller pursuant to 11 U.S.C § 1121 providing for reorganization or liquidation of the Bankruptcy Cases.

"Settlement" shall have the meaning set forth in Section 6.13(a).

"Settlement Notice" shall have the meaning set forth in Section 6.13(a).

"Settlement Objection Notice" shall have the meaning set forth in Section 6.13(b).

"Shared Items" shall have the meaning set forth in Section 2.2(a).

"Shared Item Amount" shall have the meaning set forth in Section 2.2(a).

"Shared Special Indemnity Matters" shall have the meaning set forth in Section 9.2(a)(iv).

"Shares" shall have the meaning set forth in the recitals hereto.

"Straddle Period" shall have the meaning set forth in Section 10.2(c).

"Subsidiary" or "subsidiary" means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than 50% of (i) the total combined voting power of all classes of voting securities of such entity, (ii) the total combined equity interests, or (iii) the capital or profit interests, in the case of a partnership; or (b) otherwise has the power to vote or to direct the voting of sufficient securities to elect a majority of the board of directors or similar governing body.

"Successor Holder" shall have the meaning set forth in Section 13.15.

"Superior Transaction" means one or more written or oral bids (with such oral bids made on the record at a hearing before the Bankruptcy Court) constituting Qualified Competing Bids (as defined in the Bidding Procedures Order) made in accordance with the Bidding Procedures Order by one or more third parties for one or more Alternative Transactions that represents, alone or in the aggregate, in Seller's reasonable discretion, upon consultation with the Creditors Committee and its advisors and Representatives, and subject to review and approval by the Bankruptcy Court, a higher or better offer (after considering all relevant factors) than the offer made by Purchaser for the Shares pursuant to the terms of this Agreement.

"Tax" or "Taxes" means all federal, state, provincial, territorial, municipal, local or foreign income, profits, franchise, gross receipts, environmental (including taxes under Code Section 59A), customs, duties, net worth, sales, use, goods and services, withholding, value added, ad valorem, employment, social security, disability, occupation, pension, real property, personal property (tangible and intangible), stamp, transfer, conveyance, severance, production, excise and other taxes, withholdings, duties, levies, imposts and other similar charges and assessments (including any and all fines, penalties and additions attributable to or otherwise imposed on or with respect to any such taxes, charges, fees, levies or other assessments, and interest thereon) imposed by or on behalf of any Taxing Authority, in each case whether such Tax arises by Law, Contract or otherwise.

"Tax Package" has the meaning set forth in Section 10.2(a)(i).

"Tax Returns" means any report, return, declaration, claim for refund, information report or return or statement required to be supplied to a Taxing Authority in connection with Taxes, including any schedule or attachment thereto or amendment thereof.

"Taxing Authority" means any Governmental Authority exercising any authority to impose, regulate, levy, assess or administer the imposition of any Tax.

"Third Party Claim" shall have the meaning set forth in Section 9.4(b).

"Third Party Claim Notice" shall have the meaning set forth in Section 9.4(b).

"TPG III" means TPG Partners III, L.P., a Delaware limited liability partnership.

"TPG IV" means TPG Partners IV, L.P., a Delaware limited liability partnership.

"Transfer Group Companies" means the Company and its Subsidiaries.

"Transfer Group Company" means any one of the Company and its Subsidiaries.

"Transfer Group Material Adverse Effect" means any change, circumstance or event that is, or could reasonably be expected to be, materially adverse to the business, financial condition, assets or liabilities of the Transfer Group Companies, taken as a whole, since the Balance Sheet Date excluding any such change, circumstance or event to the extent resulting from (i) general economic, financial or electric utility conditions nationally, or any outbreak of hostility, terrorist activities or war (in each case, other than to the extent such conditions disproportionately affect the Company), (ii) the announcement, pendency or consummation of the sale of the Shares or any action by Seller or any of the Transfer Group Companies required by this Agreement, (iii) the filing of the Bankruptcy Cases, or the conversion or dismissal of any Bankruptcy Case or the appointment of a chapter 11 trustee or examiner in any Bankruptcy Case, (iv) adverse hydro conditions in the Pacific Northwest, provided that historical recovery mechanisms are reasonably expected to be made available to address such adverse conditions or (v) the loss of market based rate authority for up to 24 months by any Transfer Group Company. For the purposes of this definition of "Transfer Group Material Adverse Effect," there shall be taken into account, without limitation, liabilities that would reasonably be expected to result from (i) any Proceeding not disclosed to Purchaser prior to the execution and delivery of this Agreement and (ii) any developments in any Proceeding from and after the execution and delivery of this Agreement.

"Trojan Co-Owners" shall have the meaning set forth in Section 4.20.

"Trojan ISFSI Final Safety Analysis Report" means the safety plan relating to the Trojan Independent Spent Fuel Storage Installation delivered by Seller to Purchaser prior to the date hereof.

"True-up Amount" shall have the meaning set forth in paragraph (c)(iii) of Schedule 2.1(a).

"Winning Bidder" shall have the meaning set forth in the Bidding Procedures Order.

Section 12.2 Knowledge Qualifiers. References to "Seller's Knowledge" or "to the Knowledge of Seller" and similar terms shall refer to the actual knowledge or knowledge that would have been obtained after reasonably inquiry, of any of the individuals listed on Schedule 12.2(a). References to "Purchaser's Knowledge" or "to the Knowledge of Purchaser" and similar terms shall refer to the actual knowledge or knowledge that would have been obtained after reasonably inquiry, of any of the individuals listed on Schedule 12.2(b).

ARTICLE XIII

MISCELLANEOUS

Section 13.1 Bankruptcy Court Approval. The obligations of Seller under this Agreement are subject to approval of the Bankruptcy Court.

Section 13.2 Expenses. Except as set forth in Section 3.6 or as otherwise set forth in this Agreement, each of Seller and Purchaser shall each bear its own expenses incurred in connection with the negotiation and execution of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby, including, without limitation, obtaining the Approval Order and the Bidding Procedures Order.

Section 13.3 Incorporation of Exhibits and Schedules. The exhibits and schedules identified in this Agreement are incorporated herein by reference and made a part hereof. Matters disclosed in any schedule hereto shall be deemed to be disclosed for purposes of all schedules to the extent that that it is reasonably apparent that such matter is applicable to such other schedules.

Section 13.4 Submission to Jurisdiction; Consent to Service of Process.

(a) Without limiting any party's right to appeal any Order of the Bankruptcy Court or to seek withdrawal of the reference with regard to any matter, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (ii) any and all Actions related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 13.11; provided, however, that if the Bankruptcy Cases have closed, the parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the United States District Court for the Southern District of New York sitting in New York County or the Commercial Division, Civil Branch of the Supreme Court of the State of New York sitting in New York County and any appellate court thereof for the resolution of any such claim or dispute.

(b) The parties hereby unconditionally and irrevocably waive, to the fullest extent permitted by Applicable Law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby brought in any court specified in paragraph (a) above, or any defense of inconvenient forum for the maintenance of such

dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the mailing of a copy thereof in accordance with the provisions of Section 13.11.

Section 13.5 Waiver of Jury Trial. THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT THEY MAY HAVE TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION, OR IN ANY LEGAL PROCEEDING, DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY). EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTIES WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 13.6 No Right of Set-Off. Purchaser for itself and for its Subsidiaries, Affiliates, successors and assigns hereby unconditionally and irrevocably waives any rights of set-off, netting, offset, recoupment, or similar rights that Purchaser or any of its Subsidiaries, Affiliates, successors or assigns has or may have with respect to the payment of the Purchase Price to Seller or any other payments to be made by Purchaser to Seller pursuant to this Agreement or any other document or instrument delivered by Purchaser to Seller in connection herewith.

Section 13.7 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

Section 13.8 Entire Agreement; Amendments and Waivers. This Agreement, the Deposit Escrow Agreement and the Indemnification Escrow Agreement represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof, supersede in their entirety any prior agreements (whether written or oral) with respect to the subject matter hereof, and can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including without limitation, any investigation

by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Except as otherwise provided herein, all remedies hereunder are cumulative and are not exclusive of any other remedies provided by Law.

Section 13.9 Governing Law. THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT, AND ANY CLAIM OR CONTROVERSY DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL IN ALL RESPECTS BE GOVERNED BY AND INTERPRETED, CONSTRUED, AND DETERMINED IN ACCORDANCE WITH, THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE AND THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISION THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION).

Section 13.10 Table of Contents and Headings. The table of contents and section headings of this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement.

Section 13.11 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed duly given (i) when delivered personally or by prepaid overnight courier, with a record of receipt, (ii) the fourth day after mailing if mailed by certified mail, return receipt requested, or (iii) the day of transmission, if sent by facsimile or telecopy during regular business hours, or the day after transmission, if sent after regular business hours (with a copy promptly sent by prepaid overnight courier with record of receipt or by certified mail, return receipt requested), to the parties at the following addresses or telecopy numbers (or to such other address or telecopy number as a party may have specified by notice given to the other party pursuant to this provision):

If to Seller, to:

Enron Corp.
1400 Smith Street
Houston, Texas 77002
Attention: Mitchell S. Taylor, Managing Director
Facsimile: (713) 646-7107

With a copy to:

Enron Corp.
1400 Smith Street
Houston, Texas 77002
Attention: Robert M. Walls, Esq., General Counsel
Facsimile: (713) 853-3920

and

Weil, Gotshal & Manges LLP
200 Crescent Court, Suite 300
Dallas, Texas 75201
Attention: R. Jay Tabor, Esq.
Facsimile: (214) 746-7771

If to Purchaser, to:

Oregon Electric Utility Company, LLC
c/o SW&W Legal Services, Inc.
Attention: William J. Ohle
1211 SW Fifth Ave, Suites 1600-1800
Portland, OR 97204

With a copy to:

TPG Partners III, L.P.
301 Commerce Street
Suite 3300
Fort Worth, Texas 76102
Attention: Richard A. Ekleberry, Esq.
Facsimile: (817) 871-4088

and

TPG Partners IV, L.P.

301 Commerce Street
Suite 3300
Fort Worth, Texas 76102
Attention: Richard A. Ekleberry, Esq.
Facsimile: (817) 871-4088

and

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attention: Michael L. Ryan, Esq. and David Leinwand, Esq.
Facsimile: (212) 225-3999

and

Arnold & Porter
Suite 4500
370 Seventeenth Street
Denver, CO 80202-1370
Attention: Brian P. Leitch, Esq.
Facsimile: (303) 832-0428

Section 13.12 Severability. If any provision of this Agreement is invalid or unenforceable, the balance of this Agreement shall remain in effect.

Section 13.13 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Except as set forth in Sections 6.1, 6.11, Article IX, 10.8 and 10.9, nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any Person or entity not a party to this Agreement. No assignment of this Agreement or of any rights or obligations hereunder may be made prior to the Closing by any of Seller or Purchaser (by operation of law or otherwise) without the prior written consent of the other party hereto and any attempted assignment without the required consents shall be void.

Section 13.14 Actions by the Company. From and after the time such obligations become binding on Seller, Seller shall cause the Company to comply with Sections 6.1, 6.2, 6.3(b), 6.3(c) 6.4(b), 6.4(c), 6.4(d), 6.4(e), 6.4(g), 6.5, 6.6, 6.7, 6.10(a), 6.12, 6.16, 6.17 and Article XII as if the Company were a party to such provisions. Any failure by the Company to comply with such provisions for any reason whatsoever shall be deemed a breach of such provisions by Seller. Any willful failure of the Company to

comply with any such provision shall be deemed a willful breach of such provision by Seller.

Section 13.15 Successor Holder. Notwithstanding anything in this Agreement to the contrary, Seller will be permitted in accordance with the provisions of Seller's Chapter 11 Plan, to transfer the Shares to a trust or other entity, or to engage in a similar transaction pursuant to which such trust or other entity (a "Successor Holder") becomes the owner of all of the outstanding common stock, par value $3.75 per share, of the Company. Such successor Holder shall execute and deliver to Seller and Purchaser a counterpart signature page to this Agreement and, upon such execution, shall be bound by the provisions of this Agreement as if it were Seller. References to "Seller" in this Agreement shall be deemed to refer to such Successor Holder, *mutatis mutandis*, and references to the "Shares" in this Agreement shall be deemed to refer to the shares of common stock of the Company held by such Successor Holder. Notwithstanding the provisions of this Section 13.15, Seller will not be relieved of its obligations under this Agreement as a result of such Successor Holder becoming bound to this Agreement.

Section 13.16 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

OREGON ELECTRIC UTILITY COMPANY, LLC

By: _____
Name: Richard P. Schifter
Title: Manager

ENRON CORP.

By: _____
Name: Mitchell S. Taylor
Title: Managing Director

Schedule 2.1(a)

Adjustment of Purchase Price

(a) Annex A to this Schedule 2.1(a) sets forth a calculation of the consolidated common shareholders' equity and retained earnings of the Transfer Group Companies ("Common Shareholders' Equity and Retained Earnings") as of December 31, 2002 (the "2002 Balance Sheet Date"), prepared in accordance with (i) the books and records of Transfer Group Companies utilized in preparing the balance sheet as of the 2002 Balance Sheet Date that was included in the SEC Reports and (ii) the accounting principles attached as Annex B to this Schedule 2.1(a) (the "Accounting Principles").

(b) Seller shall prepare and deliver to Purchaser at least ten (10) days prior to the Closing Date a statement (the "Estimated Closing Statement") of the estimated adjustment to the Purchase Price (the "Estimated Purchase Price Adjustment"), which shall equal (i) the sum of (x) Common Stock Equity, Common Stock, (y) Common Stock Equity, Other paid-in-capital – net, and (z) Retained Earnings of the Transfer Group Companies as set forth on the Company's consolidated balance sheet for the last quarter ended prior to the Closing for which an SEC Report on Form 10-Q or Form 10-K has been filed with SEC, minus (ii) the sum of (x) Common Stock Equity, Common Stock, (y) Common Stock Equity, Other paid-in-capital – net, and (z) Retained Earnings of the Transfer Group Companies as set forth on the Company's consolidated balance sheet as of the 2002 Balance Sheet Date.

(c) Seller shall prepare and deliver to Purchaser, within thirty (30) days following the end of the month in which the Closing Date occurs, a statement (the "Final Closing Statement"), which shall include a reasonably detailed worksheet setting forth:

(i) a consolidated balance sheet for the Transfer Group Companies as of the Closing Date and a calculation of Final Common Shareholders' Equity and Retained Earnings (as defined in Annex C to this Schedule 2.1(a)), prepared in accordance with (A) the books and records of the Transfer Group Companies and (B) the Accounting Principles;

(ii) a calculation of the aggregate purchase price adjustment (the "Final Purchase Price Adjustment"), which shall be the result of (A) Final Common Shareholders' Equity and Retained Earnings (as defined on Annex C to this Schedule 2.1(a)), minus (B) the Common Shareholders' Equity and Retained Earnings as of the 2002 Balance Sheet Date as set forth on Annex A to this Schedule 2.1(a); and

(iii) a calculation of the true-up amount (the "True-up Amount"), which may be positive or negative and shall be the result of (A) Estimated Purchase Price Adjustment, minus (B) the Final Purchase Price Adjustment.

(d) Purchaser shall have thirty (30) days following its receipt of the Final Closing Statement (the "Objection Period") to review the Final Closing Statement. Upon the expiration of the Objection Period, Purchaser shall be deemed to have accepted, and shall be bound by, the Final Closing Statement and the calculation therein of the Final Purchase Price Adjustment, unless Purchaser has informed Seller in writing of its disagreement with the Final Closing Statement prior to the expiration of Objection Period (the "Objection," and the date of delivery of such Objection, the "Objection Date"), specifying each of the disputed items and setting forth in reasonable detail the basis for each such dispute (each, a "Disputed Item"). No Objection shall be made by Purchaser except to the extent such Objection is based upon changes in facts, circumstances or events that would require an adjustment to the assets, liabilities or equity (i) recorded by the Transfer Group Companies or (ii) that the Purchaser alleges should have been recorded by the Transfer Group Companies in accordance with GAAP and the Accounting Principles, in either case, between the 2002 Balance Sheet Date and the Closing Date.

The respective amounts included for any reserves or accruals included in the Company's latest audited financial statements (which will be deemed to be a reserve or accrual of zero if no such reserve or accrual was included) filed in any report with SEC prior to the Closing Date (the "Latest Audited Financial Statements"), which were determined by subjective estimates (including engineering studies, actuarial analyses, etc.) shall not be changed from the amounts included in the determination as of the Latest Audited Financial Statements except to reflect (i) cash payments made subsequent to the Latest Audited Financial Statements but before the Closing Date, and (ii) changes in circumstances or events occurring between the date of the Latest Audited Financial Statements and the Closing Date (A) related to the reserve or accrual in question or (B) which the Purchaser alleges should have resulted in a reserve or accrual having been established on or prior to the Closing Date.

(e) Throughout the preparation, review and dispute of the Final Purchase Price Adjustment and True-Up Amount in accordance with this Schedule 2.1(a), Seller and Purchaser shall, and shall cause their respective Affiliates to, grant reasonable access to its and its Affiliates books, records and Representatives to the extent relevant to Disputed Items; provided that Seller, Purchaser and their respective Affiliates shall not be obligated to provide any information the disclosure of which would jeopardize any privilege available to such person relating to such information or which would cause such person to breach a confidentiality obligation to which it is bound; and provided further that Seller, Purchaser and their respective Affiliates shall use their best efforts to minimize the effects of any such limitations.

(f) Seller shall have thirty (30) days from the Objection Date to review and respond to such Objection.

(g) If Seller and Purchaser are able to negotiate a mutually agreeable resolution of any Disputed Item, and each signs a certificate to that effect, the resolution with respect to such Disputed Item shall be deemed final, non-appealable and binding for the purposes of the Final Closing Statement, the calculation therein of the Final Purchase Price Adjustment, and, if applicable, the True-up Amount.

(h) If within thirty (30) days of the Objection Date any Disputed Items have not been resolved in accordance with paragraph (g), Seller and Purchaser shall refer such Disputed Items to an accounting expert (the "Accounting Referee"), within five (5) days after acceptance of appointment by the Accounting Referee, to make a final, non-appealable and binding determination as to such remaining Disputed Items pursuant to the terms hereof. The Accounting Referee shall be selected by mutual agreement of Purchaser and Seller; provided in the event that no Accounting Referee is appointed pursuant to the preceding provision within fifty (50) days of the Objection Date, Seller and Purchaser shall each, within sixty (60) days of the Objection Date, select an accountant at a nationally recognized firm employing independent public accountants, who shall be directed to select, within seventy (70) days of the Objection Date, a third accountant to serve as the Accounting Referee; provided further that any Accounting Referee appointed pursuant to this sentence shall be an active or recently retired certified public accountant or accounting expert with substantial experience with regulated utilities and complex financial transactions of the type set forth in the Agreement. The Accounting Referee shall be directed to make a determination in accordance with paragraph (i) below of the Disputed Items promptly, but no later than sixty (60) days, after acceptance of its appointment. Seller and Purchaser agree to use their reasonable best efforts to effect the selection and appointment of the Accounting Referee pursuant to this paragraph (h), including, without limitation, executing an engagement agreement with the Accounting Referee providing for reasonable and customary compensation and other terms of such engagement. Seller and Purchaser shall make readily available to the Accounting Referee all relevant books, records and employees of the Transfer Group Companies reasonably requested by the Accounting Referee in connection with the Accounting Referee's review of any Disputed Item; provided that Seller, Purchaser and their respective Affiliates shall not be obligated to provide any information the disclosure of which would jeopardize any privilege available to such person relating to such information or which would cause such person to breach a confidentiality obligation to which it is bound; and provided further that Seller, Purchaser and their respective Affiliates shall use their best efforts to minimize the effects of any such limitations.

(i) If Disputed Items are referred to the Accounting Referee for resolution pursuant to paragraph (h) above, the Accounting Referee (i) shall determine only with respect to the Disputed Items submitted whether and to what extent, if any, the

Final Purchase Price Adjustment set forth in the Final Closing Statement and, if applicable, the True-up Amount requires adjustment, (ii) shall utilize the Accounting Principles, without modification and (iii) shall not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. Any finding by the Accounting Referee shall be a reasoned award stating in reasonable detail the findings of fact (if any) on which it is based, shall be final, non-appealable and binding upon the parties and shall be the sole and exclusive remedy between the parties regarding the Disputed Items so presented. The fees and expenses of the Accounting Referee shall be borne by Seller and Purchaser in the same proportion that the dollar amount of Disputed Items which are not resolved in favor of Seller or Purchaser (as applicable) bears to the total dollar amount of Disputed Items resolved by the Accounting Referee. For illustration purposes only, (A) if the total amount of Disputed Items by Purchaser is $1,000, and Purchaser is awarded $500 by the Accounting Referee, Seller and Purchaser shall bear the Accounting Referee's fees and expenses equally; or (B) if the total amount of Disputed Items by Purchaser is $1,000, and Purchaser is awarded $250 by the Accounting Referee, Purchaser shall bear seventy five percent (75%) and Seller shall bear twenty five percent (25%) of the Accounting Referee's fees and expenses. Each of Seller and Purchaser shall bear the fees, costs and expenses of its own accountants and all of its other expenses incurred in connection with matters contemplated by this Schedule 2.1(a).

(j) If the True-up Amount is (x) a positive number, then Seller shall pay Purchaser such amount or (y) a negative number, then Purchaser shall pay Seller such amount. Payment of any adjustments to the Final Purchase Price Adjustment or the True-up Amount, as applicable, calculated pursuant to this Schedule 2.1(a) shall be made (i) if no Objection is made by the Purchaser during the Objection Period, within ten (10) days following the expiration of the Objection Period or (ii) if Purchaser submits an Objection within the Objection Period, within ten (10) days following final resolution of all Disputed Items by the parties or the Accounting Referee, by wire transfer of immediately available funds to an account designated by Seller or Purchaser, as the case may be, plus interest thereon from and including the Closing Date through and including the day before the date of such payment, at a per annum rate equal to the Prime Rate.

Annex A
to
Schedule 2.1(a)

Common Shareholders' Equity and Retained Earnings
as of the 2002 Balance Sheet Date

Common Shareholders' Equity and Retained Earnings as of the 2002 Balance Sheet Date

The consolidated Common Shareholders' Equity and Retained Earnings of the Transfer Group Companies as of the 2002 Balance Sheet Date is $1,129,422,925, calculated as follows in accordance with Schedule 2.1(a) including Annex B:

Common Stock Equity, Common stock	$160,345,789
Common Stock Equity, Other paid-in-capital – net	$480,995,777
Retained Earnings	$488,081,359
Common Shareholders' Equity and Retained Earnings. as of the 2002 Balance Sheet Date	$1,129,422,925

Purchaser shall not be permitted to submit an Objection with respect to the calculation of the Company's Shareholder's Equity as of December 31, 2002.

Annex B
to
Schedule 2.1(a)

Accounting Principles

For purposes of determining the Purchase Price adjustments contemplated by this Schedule 2.1(a), the accounting records of the Company as of the Closing Date shall, subject to the principles in paragraphs (a)-(e) below, be maintained in accordance with GAAP on a consistent basis with the manner in which GAAP was applied in the preparation of the Company's financial statements as of the 2002 Balance Sheet Date included in the SEC Reports. Subject to paragraphs (a)-(e) below, such application of GAAP includes the application of the Company's Accounting Practices and Procedures Document of Significant Accounting Policies (the "Company's Accounting Practices") approved by senior management of the Company for application to the preparation of the Company's financial statements as of the 2002 Balance Sheet Date on a consistent basis with the manner in which they were applied in the preparation of the Company's financial statements as of the 2002 Balance Sheet Date included in the SEC Reports. Notwithstanding anything to the contrary set forth herein, in the event of a conflict between the Company's Accounting Practices and GAAP, GAAP shall be used for the purposes of this Schedule 2.1(a).

In the preparation of the consolidated balance sheet of the Transfer Group Companies as of the Closing Date, the following accounting principles shall be utilized:

(a) The consolidated balance sheet for the Transfer Group Companies and the Final Common Shareholder's Equity and Retained Earnings shall be prepared using the same policies, procedures and methodologies that the Company uses for the determination of valuations, accruals and reserves of assets and liabilities at its fiscal year-end (December 31). The consolidated balance sheet for the Transfer Group Companies shall be prepared as if the Closing Date were a fiscal year-end and shall not utilize accounting principles applicable to interim financial statements.

(b) The effect of all changes in accounting principles adopted by the Company for use in its financial statements after those as of the 2002 Balance Sheet Date shall not be used in preparation of the consolidated balance sheet of the Transfer Group Companies as of the Closing Date or the Final Common Shareholders' Equity and Retained Earnings.

(c) The amount used for the Company's purchase and sale agreements and derivatives that are included in price risk management assets and liabilities shall be the valuations determined in the Daily Position Report as of the Closing Date. The Daily Position Report is the report that the Company's senior management utilizes to manage and monitor the open trading positions of the Company on a daily basis. These valuations shall be utilized in recording the valuation of the Company's purchase and sale agreements and derivatives made in accordance with GAAP on a consistent basis with the manner in which GAAP was applied in the preparation of the Company's financial statements as of the 2002 Balance Sheet Date included in the SEC Reports.

(d) The Seller shall accrue for annual performance bonuses for the Company's employees on a straight-line accrual basis throughout the Company's fiscal year, adjusted monthly based on management's most recent projection of achieving the milestones for awarding bonuses to employees.

(e) In a case where Purchaser has delivered a Settlement Objection Notice with respect to a proposed Settlement and Seller, in accordance with Section 6.13(b)(i), has elected not to effect such Settlement, then for purposes of calculating Final Common Shareholders' Equity and Retained Earnings there shall be excluded any reserve posted by Seller with respect to such matter in excess of the Projected Settlement Cap.

Annex C
to
Schedule 2.1(a)

Common Shareholders' Equity and Retained Earnings as of the Closing Date

Final Common Shareholders' Equity and Retained Earnings

(a) The consolidated common shareholders' equity and Retained Earnings of the Transfer Group Companies as of the Closing Date (the "Final Common Shareholders' Equity and Retained Earnings") shall be calculated in accordance with Schedule 2.1(a) and shall equal the sum of the following items:

(i) Common Stock Equity, Common stock;

(ii) Common Stock Equity, Other paid-in-capital – net; and

(iii) Retained earnings, calculated as described below.

(b) For purposes of this Annex C to this Schedule 2.1(a), "Retained Earnings" shall mean the Company's Retained Earnings, as listed on the Company's Balance Sheet as of the 2002 Balance Sheet Date, which amount shall be (i) increased (or decreased) by any Adjusted Income (Loss) Available for Common Stock for the period from January 1, 2003 through the Closing Date and (ii) decreased by provisions for dividends and other distributions deducted from Retained Earnings from January 1, 2003 through the Closing Date other than dividends that have been deducted from Net Income in calculating Income Available for Common Stock (in the case of any non-cash dividends or other distributions made to any Transfer Group Company parent not included in the Transfer Group Companies, such distributions shall be valued at market value as of the date of the distribution).

(c) For purposes of this Annex C to Schedule 2.1(a), the Company's "Adjusted Income (Loss) Available for Common Stock" shall mean:

(i) the Company's (Loss) Income Available for Common Stock for the period from January 1, 2003 through the Closing Date; plus (only to the extent such items listed below have been included in the Company's Income (Loss) Available for Common Stock during the period from January 1, 2003 through the Closing Date and it is the intent of the Seller and Purchaser that all amounts shall include the impacts of the effects of income taxes and therefore be after tax amounts, in the event the calculations discussed below do not include an

adjustment to reflect the tax impacts of the individual items, such amount shall be adjusted to include the appropriate income tax impacts)

(ii) an amount equal to (x) extraordinary losses, except for the portion of any extraordinary loss that will require a payment of cash or payment by the surrender of assets or the right to realize an asset, minus (y) extraordinary gains, except for any portion of any extraordinary gain that will result in a receipt of cash or receipt of assets or the right to realize an asset value; plus

(iii) an amount equal to (x) losses from cumulative effects of changes in accounting principles, minus (y) gains for cumulative effects of changes in accounting principles, plus (z) the difference (which can be either a positive or negative amount) between the amounts recorded in the Company's Income (Loss) Available for Common Stock for the prospective application of the new accounting principle and the Company's Income (Loss) Available for Common Stock net income impact that would have been recorded if the previous accounting principle had been applied by the Company such that Company's Income (Loss) Available for Common Stock for the period between the adoption date of a new accounting principle and the Closing Date is calculated using the application of the previous accounting principle; plus

(iv) an amount equal to (x) after tax losses from discontinued operations, except for the portion of any loss from discontinued operations that will require a payment of cash or payment by the surrender of assets or the right to realize an asset, minus (y) after tax gains from discontinued operations, except for the portion of any net gain that will result in the receipt of cash or receipt of assets or the right to realize an asset value; minus

(v) an amount equal to the after-tax impact included in the Company's Income (Loss) Available for Common Stock related to a non-cash reduction in the Sullivan Reclamation Reserve (of $19,765,845 as of December 31, 2002) during the period from January 1, 2003 through the Closing Date; plus

(vi) an amount equal to (x) the after tax losses attributable to the early extinguishment of debt, minus (y) the after tax gains attributable to the early extinguishment of debt; plus

(vii) an amount equal to either (1) none, if the Company and the Transfer Group Companies have fully recorded its outstanding receivables from any bankrupt Affiliate of Seller in its Closing Date Balance Sheet (the "fully recorded" amount shall be calculated as the sum of (a) the product of (i) the amount of the Company's claim against the applicable bankrupt entity multiplied by (ii) the latest estimated recovery percentage as disclosed in a filing made with

the Bankruptcy Court; less (b) any amounts received from the applicable bankrupt entity as partial payment on the bankruptcy claim) or (2) none, if the Company and the Transfer Group Companies have dividended or distributed all of their pre-petition receivables from any bankrupt Affiliate of Seller for which it has a claim to its parent or indirect parent not included in the Transfer Group Companies, or (3) an after-tax amount equal to the difference between the fully recorded amount, described above and the amount recorded in the Company and Transfer Group Companies balance sheet in respect of such receivables at the Closing Date, plus

(viii) in the event that the market value of any non-cash dividends or other distributions did not equal the book value of the asset dividended or distributed as of the dividend or distribution date, an after tax amount equal to the sum of (i) the market value of the non-cash assets dividended or distributed (and included as a reduction in Retained Earnings discussed above) less (ii) the book value of the non-cash assets dividended or distributed.

EXECUTION COPY

DISCLOSURE SCHEDULES

Attached to and forming a part of the Stock Purchase Agreement (the "Agreement"), dated as of November 18, 2003, by and among Enron Corp., an Oregon corporation ("Enron" or "Seller"), and Oregon Electric Utility Company, LLC, an Oregon limited liability company. Capitalized terms used but not defined in these Disclosure Schedules have the meanings assigned to such terms in the Agreement. These Disclosure Schedules are qualified in their entirety by reference to specific provisions of the Agreement and are not intended to constitute, and shall not be construed as constituting, representations or warranties of Seller except as and to the extent provided in the Agreement.

The inclusion of any matter in these Disclosure Schedules in connection with any representation, warranty, covenant or agreement that is qualified as to materiality or "Material Adverse Effect" is not an admission by Seller that such matter is material or would result in a Material Adverse Effect. No disclosure in these Disclosure Schedules relating to any possible breach or violation of any agreement, law or regulation shall be construed as an admission or indication that any such breach or violation exists or has actually occurred.

Section headings and numbers used in these Disclosure Schedules refer to the corresponding sections of the Agreement, and these headings and numbers are for convenience only and are not to be used to interpret any provision of the Agreement or Disclosure Schedules. All matters disclosed in any of the Disclosure Schedules are deemed to be disclosed with respect to any of the other Disclosure Schedules to the extent that it is reasonably apparent that such matter is applicable to such other Disclosure Schedule. Any matter disclosed in any section of a schedule shall be deemed disclosed in each section of such schedule to the extent that it is reasonably apparent that such matter is applicable to such other Disclosure Schedule. Furthermore, these Disclosure Schedules do not purport to disclose any agreements, contracts or instruments that may be entered into pursuant to the terms of the Agreement.

Schedule 4.3(a) No Violations; Consents

1. Under the Lease for the Willamette Center (now World Trade Center), dated September 11, 1978, between 121 SW Salmon Street Corporation, Tenant, and American Real Estate Holdings LP, Landlord, a change in the majority ownership of the Tenant requires the consent of the Landlord, which consent Landlord agrees not to unreasonably withhold or delay. Under the Sublease, dated September 11, 1978, from Tenant to the Company, the Company agrees to perform and be bound by all provisions, terms, covenants and conditions contained in the Lease to be performed by the Tenant therein and shall have all rights, interests, powers, options and remedies of the Tenant thereunder, except those, if any, which are personal to the Tenant.

2. 364 Day Credit Agreement dated as of May 28, 2003 among the Company, Bank One N.A., U.S. Bank National Association, Wells Fargo Bank, N.A., Washington Mutual Bank, Sterling Savings Bank & Union of California, N.A.

3. Lease between the Company and Pacific Realty Associates, LP, dated as of December 27, 2000 and relating to office space at the PacTrust Business Center.

4. Lease between the Company and Saunders Revocable Living Trust dba Greenway Town Center, dated as of December 18, 1997, and relating to the Tigard Customer Service Center.

5. Lease between the Company and MP South Center Office I, Inc. dated May 1998 and relating to the South Center (Tualatin) Office.

6. Franchise agreement between the Company and City of Woodburn (Council Bill No.2430; Ordinance No.2328).

7. Portland General Electric Company Outside Directors' Deferred Compensation Plan

8. Portland General Electric Company Retirement Plan for Outside Directors.

9. Portland General Electric Company Outside Directors' Life Insurance Benefit Plan.

10. Portland General Electric Company Umbrella Trust™ for Outside Directors.

11. Portland General Electric Company Management Deferred Compensation Plan.

12. Portland General Electric Company Supplemental Executive Retirement Plan.

13. Portland General Electric Company Senior Officers' Life Insurance Benefit Plan.

14. Portland General Electric Company Umbrella Trust™ for Management.

15. Master Services Agreement for Communication Transport Services between Portland General Electric Company and Northwest Open Access Network Oregon dated March 26, 2003.

16. The Second Amended and Restated Revolving Credit and Guaranty Agreement, dated as of May 9, 2003, among Enron Corp., an Oregon corporation ("the Borrower"), a

debtor and debtor-in-possession in a case pending under chapter 11 of the Bankruptcy Code, each of the direct and indirect subsidiaries of the Borrower signatory thereto as Guarantors, each a debtor and debtor-in-possession in a case pending under chapter 11 of the Bankruptcy Code, the financial institutions party thereto as lenders, Citicorp USA, Inc. ("Citicorp"), as Paying Agent, JPMorgan Chase Bank ("JPMCB"), as Collateral Agent, and JPMCB and Citicorp, as Co-Administrative Agents, as amended, supplemented or otherwise modified from time to time.

Schedule 4.3(b) Seller Required Government Approvals

1. Approval of Oregon Public Utility Commission under ORS 757.511 for the disposition by Seller of its Shares.

2. Approval of the Federal Communications Commission under Section 310 of the Federal Communications Act of 1934 for the disposition by Seller of its Shares.

3. Approval of Federal Energy Regulatory Commission under Section 203 of the Federal Power Act for the disposition by Seller of its Shares.

4. Approval of Nuclear Regulatory Commission under 10 C.F.R. Part 50.80 for the disposition by Seller of its Shares.

5. Approval of (or determination that approval is not necessary from) the Oregon Energy Facilities Siting Council for the disposition by Seller of its Shares.

6. Approval of the Securities and Exchange Commission under PUHCA for the disposition by Seller of its Shares.[1]

Each of Purchaser and Seller agree that items from any other schedule are not incorporated in this Schedule 4.3(b).

[1] Dependent upon outcome of pending proceeding on exemption from PUHCA.

Schedule 4.5(a) Transfer Group Companies

List of Subsidiary Corporations and Limited Liability Companies

Corporation Name	Where Incorporated or Organized	Shareholder/LLC Members	% Owned	Shares Authorized/ Issued & Outstanding
Portland General Electric Company	Oregon	Enron Corp.	Common 100%	100,000,000/42,758,877
		Various holders	Preferred (7.75%)	30,000,000/249,727
		GSS Holdings II, Inc	Limited Voting Junior Preferred	1/1
Salmon Springs Hospitality Group, Inc.	Oregon	PGE	100%	50,000/10,000
World Trade Center Northwest Corp.	Oregon	121 SW Salmon Street Corporation	100%	100/10
121 SW Salmon Street Corporation	Oregon	PGE	100%	100/100
Portland General Transport Corp.	Oregon	PGE	100%	1,000/1,000
Portland General Resource Development, Inc.	Oregon	PGE	100%	10,000/1,000
Integrated Utility Solutions, Inc. (fka Efficiency Services Group, Inc.)	Oregon	PGE	100%	10,000/1,000

* **NOTES:** 7.75% subject to sinking fund requirement of $15,000/year
$0.25 par value - Authorized 6,000,000; Outstanding –0-
$100 par value - Authorized 2,500,000, Outstanding –0-

Liens to which Shares are subject (notwithstanding the following, at the Closing the Shares shall be delivered to the Purchaser free and clear of any and all Liens (other than Liens created by the Purchaser) in accordance with Section 363 of the Bankruptcy Code):

1. The Second Amended and Restated Revolving Credit and Guaranty Agreement, dated as of May 9, 2003, among Enron Corp., an Oregon corporation ("the Borrower"), a debtor and debtor-in-possession in a case pending under chapter 11 of the Bankruptcy Code, each of the direct and indirect subsidiaries of the Borrower signatory thereto as Guarantors, each a debtor and debtor-in-possession in a case pending under chapter 11 of the Bankruptcy Code, the financial institutions party thereto as lenders, Citicorp USA, Inc. ("Citicorp"), as Paying Agent, JPMorgan Chase Bank ("JPMCB"), as Collateral Agent, and JPMCB and Citicorp, as Co-Administrative Agents, as amended, supplemented or otherwise modified from time to time.

Schedule 4.5(b) Exception to Ownership of Transfer Group Company Interests

None

Schedule 4.7 Undisclosed Liabilities

1. Reference is made to Schedules 4.12, 4.14 and 4.20.

Schedule 4.8 Absence of Certain Developments

1. Reference is made to Schedules 4.11(b), 4.12, 4.14 and 4.20; provided, that any events occurring after the date hereof with respect to Schedules 4.12, 4.14 and 4.20 shall not be deemed to be included in this reference.

2. Loans, advances, and/or receivables attributable to goods or services provided to PGH II, Inc. or its subsidiaries consistent with the Master Services Agreement dated March 24, 2000, including addenda and amendments, between the Company and its affiliates, including Enron Corp and its subsidiaries.

3. Dividends payable in accordance with the terms of issued and outstanding Preferred Stock.

4. Dividends contemplated by the Agreement.

5. Pursuant to a Subordination Agreement dated as of October 1, 2003, executed by Company, BNY Western Trust Company, the Confederated Tribes of the Warm Springs Reservation of Oregon ("the Tribes") and Ambac Assurance Corporation, Company relinquished certain rights under the Ownership and Operation Agreement dated as of January 1, 2002 between Company and the Tribes and certain remedies it had under certain power purchase and sale contracts between Company and the Tribes relating to the Pelton-Round Butte hydroelectric facility.

Schedule 4.9(a) Employee Benefit Plans

1. Portland General Electric Company Outside Directors Deferred Compensation Plan
2. Portland General Electric Company Outside Directors Life Insurance Benefit Plan
3. Portland General Electric Company Retirement Plan for Outside Directors
4. Portland General Electric Company Supplemental Executive Retirement Plan
5. Portland General Electric Company Senior Officers Life Insurance Benefit Plan
6. Portland General Electric Company Management Deferred Compensation Plan
7. Portland General Electric Company Umbrella Trust for Management
8. Portland General Electric Company Umbrella Trust for Outside Directors
9. Portland General Electric Company Long-term Disability Income Plan (self-insured PGE plan for pre-2000 disabled non-active employees)
10. Portland General Electric Company Active Employees Life Insurance for Bargaining Unit Employees and Non-Bargaining Disabled – Principal Life Insurance Company Group Policy No. GLN22194
11. Enron Active Employees Life Insurance for Non-Bargaining Unit Employees – MetLife Group Policy No. 27917-G
12. Enron Corp. Savings Plan and Trust
13. Portland General Electric Company Educational Assistance Plan
14. Portland General Electric Company Employee Assistance Program
15. Portland General Holdings, Inc. Involuntary Severance/Outplacement Assistance Plans
16. Portland General Electric Company Flexible Compensation Plan
17. Portland General Electric Company Health Care Expense Account Plan
18. Portland General Electric Company Dependent Care Assistance Plan
19. Portland General Electric Company Post-Retirement Medical Policy
20. Enron Long Term Care Plan through Metropolitan Life Insurance Company
21. Commuter Spending Account Program
22. Business Travel and Accident Insurance – Gerber Life Insurance Company Group Policy No. BTN-2118

23. Portland General Electric Company Post-retirement Non-Represented Life Insurance – Principal Life Insurance Group Policy No. N22194

24. Portland General Electric Company Post-retirement Represented Life Insurance – Principal Life Insurance Company Group Policy No. N84959

25. Portland General Electric Company Pension Plan and Trust

26. Portland General Electric Company Voluntary Employees' Beneficiary Association and Employee Benefit Trust

27. Enron Corp. Health Plan

28. Enron Flexible Compensation Plan

29. EBA-PGE-IBEW Local Union No. 125 Health and Welfare Trust

30. Portland General Electric Company Executive Financial Planning and Health Benefit Plan

31. Insurance contract for Bargaining Unit Accidental Death and Dismemberment – Gerber Life Insurance Company and Enron (Bargaining) Policy No. PA1-2024

32. Insurance contract for Non-Bargaining Unit Accidental Death and Dismemberment – Gerber Life Insurance Company and Enron (Non-Bargaining) Policy No. PA1-2023

33. Paid Time Off for Bargaining Unit Employees

34. Paid Time Off for Exempt Employees

35. Personal Time Off for Nonexempt, Non-Bargaining Employees

36. Sick Benefits for Exempt and Bargaining Unit Employees

37. Holiday Plan for Bargaining Unit Employees

38. Vacation Plan for Bargaining Unit Employees

39. Insurance contract for Active Non-Bargaining Unit and Bargaining Unit Long-Term Disability coverage – Prudential Group Contract LTD – Group No. G089332

40. Portland General Electric Company Supplemental Life Insurance for Non-Bargaining and Bargaining Active and Post-Retirement Employees – Principal Life Insurance Group Policy No. N35891

41. Portland General Electric Company 401(k) Plan and Trust

Schedule 4.9(b) Other Benefit Arrangements

1. Portland General Holdings, Inc. Annual Incentive Master Plan
2. Trojan Nuclear Power Plant Incentive Plan
3. Coyote Springs Incentive Plan
4. 2003 Company Incentive Program for Nonbargaining Employees
5. 2003 'Our Team Works' for Bargaining Unit Employees
6. Executive Vehicle Plan
7. PGC Amended and Restated 1990 Long Term Master Incentive Plan
8. Retail Products Incentive Plan
9. Sales and Incentive Plan – Catering
10. Electric Service Discount
11. Service Anniversary Awards
12. Executive Physical Exam Benefit Plan
13. Senior Officer Vacation Plan
14. CIMS Program
15. Employee Leave of Absence Programs
16. Employee Vehicle Ownership Plan
17. Fit Factory on premises fitness facility
18. Health Club Reimbursement Program
19. Agreement between Portland General Electric Company and Local Union No. 125 of IBEW
20. Coyote Springs Agreement with Local Union No. 125 of IBEW
21. Reference is made to Schedule 6.2(b)(v).
22. Consulting agreements entered into in the Ordinary Course of Business.
23. Matters Purchaser is indemnified for under Section 9.2(a)(v) and Section 10.9.

Schedule 4.9(d) Compliance with Applicable Law

1. Reference is made to Schedule 4.12.

2. Matters Purchaser is indemnified for under Section 9.2(a)(v) and Section 10.9.

Schedule 4.9(e) Multi-Employer Pension Plan

None

Schedule 4.9(f) **Funding Failures**

None

Schedule 4.9(g) Government Actions Concerning Plans

1. Reference is made to Schedule 4.12.

2. The most recent determination letter filing for the PGE Company Pension Plan and Trust was made on February 28, 2002, and the IRS reviewer on the filing favorably closed his file on the case on October 17, 2002. The filing was then sent to the IRS National Office and placed on "hold" in accordance with IRS procedures for all plans that include a cash balance plan conversion feature, pending guidance on certain cash balance issues by the IRS. It is not expected that the IRS guidance will require any changes in the PGE Company Pension Plan and Trust, because participants have their accrued benefit converted to a cash balance account only if they so elect, and because the cash balance accounts are frozen except for ongoing interest credits. Thus, it is expected that the IRS will issue an updated determination letter for the PGE Pension Plan shortly after the IRS National Office releases its "hold" on determination letters for cash balance plan conversions.

Schedule 4.9(h) Plan Entitlement or Benefit

1. Reference is made to Schedules 4.3(a) and 6.2(b)(v).

Schedule 4.9(i) Post-Retirement Benefit Liability

1. Reference is made to Schedules 4.9(a), 4.9(b) and 4.11(a).

Schedule 4.10(a) Forms Not Filed or Taxes Not Paid

1. If the IRS contests the Transfer Group Companies' re-consolidation on December 24, 2002, the Transfer Group Companies' may be deemed not to have appropriately filed returns or paid estimated and regular taxes.

2. Failure for one or more taxable periods to include in the returns as filed the election with respect to nuclear decommissioning costs as required by Code Section 468A(a)(1) and Treasury Regulation 1.468A-7.

Schedule 4.10(b) Incomplete Tax Forms

1. Reference is made to Schedule 4.10(a).

Schedule 4.10(c) **Extensions**

None

Schedule 4.10(d) Tax Liens

1. Any lien for federal taxes assessed but not yet demanded.

Schedule 4.10(e) Member of Consolidated Group

1. The Transfer Group Companies were included in Enron Corp.'s consolidated federal income Tax Returns from the date of merger, July 2, 1997, through May 7, 2001. Subsequently, the Transfer Group Companies filed their own consolidated federal income Tax Returns for periods through December 23, 2002. The Transfer Group Companies have been included in Enron Corp.'s consolidated federal income Tax Return for subsequent periods (subject to pending IRS concurrence with re-consolidation prior to lapse of the IRC section 1504(a)(3)(A) 60 month waiting period).

Schedule 4.10(f) Transferee Tax Liability

1. The Transfer Group Companies may be liable for the Taxes of Seller for periods in which the Transfer Group Companies were included in Seller's consolidated income Tax Return. Reference is made to Schedule 4.10(e).

Schedule 4.10(h) Tax Withholding

1. Reference is made to Schedule 4.10(a).

Schedule 4.11(a) Labor Agreements

1. The Company has two agreements with IBEW Local 125 – a primary agreement and a separate agreement which covers the Coyote Springs generating plant. The primary agreement (with 60 days notice) expires on February 29, 2004. The Coyote Springs plant agreement terminates in August 1, 2006.

2. EBA/IBEW/PGE Taft-Hartley Trust, which is a trust jointly administered by the Company and the IBEW Local 125, established pursuant to Section 302(c)(5) of the Labor Management Relations Act of 1947 to receive certain payments to provide specified health and welfare employee benefits to bargaining unit employees.

3. Reference is made to Schedule 4.12.

Schedule 4.11(b) Labor Disputes

1. Reference is made to Schedule 4.12.

2. IBEW Local 125 has served notice of termination of the labor agreement in the event a new labor agreement has not been entered into by February 29, 2004. Reference is made to Schedule 4.11(a).

Schedule 4.12 Litigation

References made in this schedule are to the proceedings or matters specifically identified below and any other proceedings or matters arising from the same or related facts and/or circumstances as such specifically identified proceedings or matters.

1. Utility Reform Project, Lloyd K. Marbet and Linda K. Williams v. OPUC (Marion County Circuit Court Case No. 02C14884); (OPUC UM989)

2. Citizens' Utility Board of Oregon v. OPUC and Portland General Electric Company (Marion County Circuit Case No. 95C-12542, Court of Appeals of the State of Oregon Case No. A93400, Oregon Supreme Court Case No. SC S45637, SC S45643, SC S45653)

3. Utility Reform Project and Linda K. Williams v. OPUC
Marion County Circuit Court Case No. 03C12428

4. Portland General Electric Co., et al. v. United States of America, et al.,
S.D. New York, C.A. 1:00-1425 (D. District of Columbia. C.A. No. 1:98-2552)

5. Portland General Electric Company v. International Brotherhood of Electrical Workers, Local No. 125.
Multnomah County Circuit Court for the State of Oregon

   Case No. 0205-05132
   A Notice of Appeal was filed on October 22, 2003 in this case.

6. Department of Water Resources v. ACN Energy Inc., et al.
Superior Court of California for the County of Sacramento

   Case No. 01AS05497

7. In re Wholesale Electricity Antitrust Cases I & II
USDC Southern District of California, Case Nos. CV02-990, 1000, 1001 RWH;
USDC Ninth Circuit Court of Appeals, Case No. 02-57200, et al

8. Dreyer, Gearhart and Kafoury Bros., LLC v. Portland General Electric Company,
Marion County Circuit Court Case No. 03C 10639; and
Morgan v. Portland General Electric Company, Marion County Circuit

   Court Case No. 03C 10640 (Identical cases have also been filed in Multnomah County Circuit Court)

9. People of the State of California ex rel. Bill Lockyer, Attorney General v. Portland General Electric Company and Does 1 through 100
United States District Court for the Northern District of California

   Civil No. C02-03318 JL
   Superior Court of the State of California for County of San Francisco

   Case No. CGC-02-408493

10. Port of Seattle v. Avista et al (including the Company).
U.S. District Court, Western District of Washington at Seattle
Case No. CV03-1170P

11. Cyber-Tech, Inc. v. PGE et al.
Multnomah County Circuit Court No. 0305-05257

12. Remington et al. v. Northwestern Energy, LLC
Montana Second Judicial District, Silver Bow County
Case No. DV 03-88

13. Ronald A. Katz Technology Licensing (RAKTL)
Patent Portfolio

14. Verizon v. PGE
United States District Court CV03-1286

OPUC Docket No. UM 1096

15. People of the State of Montana, ex rel. Mike McGrath, Attorney General of the State of Montana; Flathead Electric Cooperative, Inc., and Roes 1 through 100, inclusive v. Williams Energy Marketing and Trading

Company; Reliant Energy Services, Inc; Duke Energy Trading and

Marketing, LLC; Mirant Corporation; Enron Energy Services, Inc.; Enron Power Marketing, Inc., Morgan Stanley Capital Group, Inc.; Powerex; El

Paso Merchant Energy; American Electric Power; Avista Corporation; Portland General Electric Company; BP Energy; Goldman Sachs Group,

Inc. and Does1 through 100, Inclusive

16. EEOC Complaints, EEOC Docket Nos.
Triska 380-AO-0809
Julien 380-AO-0869
Tigli 380-AO-0894

17. Non-payment Issues for Power Sales into California

(A) San Diego complaint, FERC Docket No. EL00-95—the California refund case.

(B) Puget complaint, FERC Docket No. EL01-10—the Pacific Northwest refund case.

(C) Federal Wholesale Power Market Investigation, FERC Docket No. PA02-2

(D) Specific Company Investigations, FERC Docket Nos. EL02-114, EL02-115 and EL03-165

(E) Investigation of over $250 Bids, FERC Docket No. IN03-10

(F) Oregon Public Utility Commission
The Staff of the Oregon Public Utility Commission is conducting an informal investigation based on the federal investigations. The Company is cooperating with that process. OPUC Staff issued a final report on the Company's trading activities on June 12, 2003. The report recommends the OPUC conduct an investigation on the Company's trading activities after completion of the FERC investigation in Docket EL02-114.

18. Alturas FERC Case, FERC Docket No. ER99-28.

19. Claim for Underpayment of Royalties Under Coal Transportation Agreement Relating to the Colstrip Facility

Based on an audit conducted for the period October 1, 1991 to December 31, 1995 by the Montana Department of Revenue on behalf of lessor, Department of Interior, the Montana Department of Revenue has asserted that royalties have been underpaid for the audit period by approximately $3.2 million. To date, no claim for subsequent audit periods has been made by the Montana Department of Revenue. The mining company, Western Energy, has asserted that these claims are incorrect, and that all royalties have been paid in accordance with the leases.

20. IN RE: Enron Corp., et al., Debtors, United States Bankruptcy Court, S.D.N.Y., Case No.: 01-16034(AJG).

The Company and certain Transfer Group Companies filed proofs of claim in the bankruptcy proceedings against Enron Corp. and other debtor companies, including ENA and EPMI.

21. The Company has invested in a pool of life insurance policies insuring the lives of a number of its employees which were contributed to the Portland General Holdings, Inc. ("PGH") Umbrella Trust for Management in order to set them aside to pay nonqualified retirement benefits for managers and senior officers. Corporate owned life insurance policies on employees recently has been the subject of press, regulatory and legislative scrutiny.

22. Due to Enron Corp's bankruptcy the trustee of the Portland General Holdings, Inc. ("PGH") Umbrella Trust for Management and the PGH Umbrella Trust for Outside Directors suspended payments to certain plan participants whose benefits had accrued related to service to or compensation deferrals to Portland General Corporation under the PGH Supplemental Executive Retirement Plan, PGH Management Deferred Compensation Plan, PGH Outside Directors Deferred Compensation Plan and PGH Retirement Plan for Outside Directors. Plan participants have communicated to the Company a number of theories that if successfully asserted they believe would result in those suspended benefits being treated as direct liabilities of the Company.

23. In the Matter of Application of Enron Corp. for Exemptions Under the Public Utility Holding Company Act of 1935 (File Nos. 70-9661 and 70-10056) Administrative Proceeding File No. 3-10909.

24. State of California v. FERC
U.S. Court of Appeals Case No. 02-73093

25. On June 17, 2000, the U.S. Commodity Future Trading Commission (CFTC), which regulates futures contracts traded on U.S. exchanges, subpoenaed documents from the Company regarding the Company's electricity and natural gas trading, including any "wash" trading used to inflate revenue and trading volume. The Company is cooperating and will continue to cooperate to the fullest extent with these investigations.

26. Civil Investigative Demands issued by the Oregon Attorney General on July 8, 2002, January 2, 2003, March 5, 2003, and November 6, 2003, including a subpoena delivered to the Company on November 6, 2003.

27. Colville Tribes are claiming compensation for flooding tribal land from the PUD from which the Company buys power.

Schedule 4.13 Compliance

1. Reference is made to Schedules 4.12, 4.14 and 4.20.

2. The Company is in the process of securing relicensing of hydroelectric projects.

3. Reference is made to SEC Reports filed prior to the date hereof.

Schedule 4.14 Environmental Matters

References made in this schedule are to the proceedings or matters specifically identified below and any other proceedings or matters arising from the same or related facts and/or circumstances as such specifically identified proceedings or matters.

1. The Company has been listed as a Potentially Responsible Party with respect to a 5.5 mile segment of the Willamette River known as the Portland Harbor, which has been included on the federal National Priority List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act (Superfund). Specifically, the Company's Haborton Substation site has been identified as a potential source or pathway for release of hazardous substances to the Portland Harbor Superfund Site. The Company has conducted a voluntary remedial investigation of the Harborton Substation and believes, based upon such investigation, that its contribution to sediment contamination from the Harborton Substation, if any, would qualify the Company as a de minimus Potentially Responsible Party. Reference is made to SEC Reports.

2. Licenses issued by FERC for hydroelectric facilities are subject to renewal and reissuance on a periodic basis. It is not uncommon for FERC to impose new environmental conditions on hydroelectric facilities in connection with the renewal and reissuance of their licenses. For example, new environmental conditions imposed at the time of relicensing might require construction, modification, removal of improvements or increased water flows over dams, or other environmental impact mitigation measures in order to accommodate the passage of, or otherwise preserve the population of, anadromous fish. Moreover, new environmental conditions may be imposed during a project's existing license or a renewal of the license pursuant to the Endangered Species Act.

3. Historical operations at facilities of the Transfer Group Companies included the handling and use of transformers, capacitors and other electrical equipment containing polychlorinated biphenyls ("PCBs"). The manufacture, use, distribution and disposal of PCBs was regulated by law beginning in the late 1970s. Costs may be incurred in connection with the removal and disposal of PCBs from electrical equipment, the replacement of such equipment, and the remediation of spills of PCBs that have occurred over time at substations and distribution facilities. In particular, there continue to exist a number of electrical substations with PCB-contaminated soils due to past releases from electrical equipment. Eight substations have had their soils remediated to less than 10 parts per million ("ppm") PCBs in soil (e.g., Boones Ferry, Curtis, Fairmount, Indian, Oswego, Scappoose, Station E, and Willamina). Scappoose Substation is no longer owned by Company. Seven substations have been partially remediated (Boring, Estacada, Fairview, Island, Sheridan, St. Mary's East and Sullivan). At these sites residual contamination remains underneath foundation supports. Cleanup at these sites may be performed when major substation modifications take place. Arleta, Beaverton, Clackamas, Garden Home, Gresham, Hogan South, Holgate, Linneman, Multnomah, Oak Hills, Progress, Salem, Sellwood, Stephens and Urban Substations may require testing prior to any future property transfers based on past history of spills. Large, non-PCB oil releases at Mt. Pleasant and McLoughlin substations have been only partially cleaned up to the foundations.

In addition to those listed above, there are another 58 estimated substations (including three 500 kV intertie capacitor stations) that have or have had PCB capacitors located on site. These substations may have undiscovered PCB contaminated soils.

4. On September 29, 2003 EPA added Harbor Oil Co., a waste oil reprocessing facility located in North Portland, to the National Priorities List (NPL). According to EPA, the Harbor Oil Co. site has been sold multiple times since opening for business in 1961, and, at one time, the site formerly operated as a tank truck cleaning facility. EPA indicates that two major spills of waste oil occurred at the site in 1974 and 1979.

   Based on a limited review of Harbor Oil Co. documents, Company sent used oil from its power plants and electrical distribution system to the Harbor Oil Co. site for processing since at least 1990. Based on its historic use of the Harbor Oil Co. site, it is probable that the Company will be named a "Potentially Responsible Party" at some time in the future.

5. Property adjacent to Harborton, owned by the Bonneville Power Administration, (BPA) was used for fire training by the Linton Fire Dept. The City of Portland is in the process of cleaning up oil contamination at the site. The Company was given an easement to install and maintain an underground pipeline across the property. The Company had no future use for this pipeline and the parties agreed to terminate the easement. BPA reclaimed title to this property via letter dated June 18, 2003. This situation is of concern because of the property's proximity to the Portland Harbor Superfund site.

6. Two spills of fuel oil at Company's Bethel facility were reported, but only partially cleaned up. The spills were a 500-gallon spill on May 30, 1986, and a 1000-gallon spill on July 18, 1988. The spills were in the fuel handling area (fuel island). Some soil contamination was noted when the fuel island was reinforced in 1997. Any contaminated soil will be removed when the fuel island area is decommissioned.

7. Penta and/or creosote contamination may be under one of the buildings at the Bull Run car barn site. Sampling and remedial action will be performed as part of future decommissioning of this structure.

8. A small substation was once located on the east side of the Faraday powerhouse near the river. PCB contaminated transformers may have leaked at this site. The transformers and equipment were removed in 1997 and properly disposed of, however, there was no asphalt and soil excavation. The area remains fenced and there are no visible stains.

9. The Portland Service Center may have contaminated soils. The transformer shop at the Portland Service Center has handled PCB and PCB contaminated equipment for over forty years. The storeroom at the center stored and handled new and leaking PCB capacitors for several years. A sampling and remediation effort for the center site may need to be conducted in the future.

10. Buildings on Company-owned real property located at the Sullivan Hydroelectric Project and leased to tenants are known to contain asbestos. The tenants are not required to remove these buildings at the conclusion of the current lease. There is a

possibility that Company may need to demolish these buildings after the current lease terminates, and any such demolition would require abatement of the asbestos-containing materials.

11. Non-radiological decommissioning activities requiring investigation and possible remediation were determined in eighteen areas of the Company's Nuclear Facility by a consultant's investigation of the site records, including oral histories and site photographs. Two areas were located outside the confines of the Company's grounds (Goble Tavern and City of Prescott). Past activities in these areas may have resulted in spills or other releases to the soils and possibly to the groundwater. Sixteen areas have been investigated to date, and only five have required soil remediation. Two areas had asbestos remediation.

Area #5 was used in part as a satellite area for certain non-radiological hazardous materials. Very limited cleanup of petroleum hydrocarbon contamination was required in this area. Area #16 is the site of a documented oil spill. Remediation of this area for petroleum contamination was completed in 2000. The cooling tower (Area 19) and the South Warehouse Asbestos shed (Area 7) have had asbestos remediation performed. Finally, underground storage tanks ("USTs") near the intake structure (Area 13) were removed and the area remediated. Area #14 was used for various support functions during construction and operational activities, including painting and metal fabrication. Site characterization was performed in area #14. There was only limited hydrocarbon contamination contained in a few discrete areas. Remediation of the majority of the hydrocarbon contamination was performed in September 2001. A limited amount of hydrocarbon contamination remains below the foundation of the fabrication building in Area 11. Because this building is still in use, the pocket of material under the foundation will not be removed until the building is removed sometime in the future.

Only two discrete areas remain to be investigated. Area #10 is the location of the current warehouse and its immediate surroundings. Part of the area was used for staging of equipment and materials in connection with various site construction activities. Diesel residuals were found in Area #12 in a trench that was excavated during the late 1980s in an asphalt-covered area adjacent to the maintenance building. Asbestos abatement at the Company Nuclear Facility associated with building demolition is ongoing. Removal of Galbestos siding throughout the plant is slated to begin in 2005.

12. Two oil spills have occurred at the Beaver Generating Plant that could not be cleaned up completely because oil migrated under the turbine building foundation. The oil spills, occurring on November 10, 1995 and April 12, 1999, were releases reported to the DEQ and accessible areas were cleaned up. On-going leaks from the turbine are small; the turbine building has been paved to minimize the impact of these on-going oil leaks. Diesel oil (1258 ppm) was found at one point during construction of a new administration building. The area was inaccessible for cleanup at such a low level.

13. A pad-mounted transformer, T-61/1000, failed and caught fire on May 28, 1996 at the Boardman site. The transformer contained 500 gallons of non PCB oil. The oil was spilled or burned. The contaminated soil around the transformer foundation was removed and disposed of at the landfill. Contaminated soils remain under the

concrete foundation. When the transformer foundation is decommissioned, the soil will be tested and disposed of properly.

14. EPA has announced its intention to develop rules that will address mercury emissions from coal-fired power plants by 2004. These rules may require the addition of pollution control equipment at the Boardman Plant.

15. Currently there are two issues involving regional haze that may impact Company Thermal Power Plant operations within the next 5 to 10 years. These are a federal regional haze rule passed July 1, 1999 and a monitoring/modeling study now being planned on visibility impacts in the Columbia River Gorge Scenic Area. If based on these issues the Company's plant emissions are targeted as causing visibility impairment then emission controls may be required.

16. Company was informed that it was named a PRP in 1993 at the Colorado School of Mines Research Institute Superfund Site because of its part ownership of Miracle Mines. Miracle Mines had shipped some mine samples to this site for uranium analysis. Other than the initial notice, Company has not received a request for information or any other notice regarding this matter.

17. Approximately 100 gallons of transformer oil containing 35 ppm PCB leaked through a cracked bushing in a Company pad-mounted transformer at the Willamina Lumber Company in Willamina, Oregon. The transformer was removed, however, contaminated soil was left under the transformer foundation due to accessibility problems (the foundation was surrounded by concrete and the lumber mill was built around and over the transformer). A cleanup will be conducted by the Company when desired by the lumber mill owner.

18. A pad-mounted transformer at Old Smith's Home Furnishing store in Salem, Oregon leaked approximately 154 gallons of mineral oil, which was non-detect for PCB, into the ground and a vault owned by the City of Salem Water District. The vault was cleaned, however, the soil under the transformer foundation was not removed because of accessibility problems. Sampling and cleanup will be performed as necessary when the transformer foundation is removed.

19. In the past, Company sold used transformers and other equipment to bidders that included scrap dealers who may have spread PCBs, oil and other contaminants at the site where the scrapping occurred. Several of these sites have been cleaned up, but approximately six sites may require clean up in the future. The Company may be asked to contribute to such efforts.

20. In October 2003, Company entered into a Voluntary Cleanup Agreement with the DEQ to provide cost recovery for oversight of a voluntary investigation and/or potential cleanup of petroleum products at Company's Station E property. A plan is being developed to complete an investigation of the extent of possible contamination under the adjacent Front Avenue that may have resulted from underground storage tanks and piping at Station E. This site is upland from the Portland Harbor Superfund designated area.

21. The property where the St. Helens Service Center was located is being sold. As part of the sale process, the potential buyer had a Phase II Environmental Assessment performed by a consultant. The Phase II revealed the presence of 2 to 3 underground storage tanks from the property's former use as a gas station prior to Company ownership of the land. Some sample borings showed the presence of petroleum contamination in the soil and groundwater. Some work will need to be performed to assess tank status (previously decommissioned or not), extent and concentration of petroleum contaminants, a risk-based assessment of the site, and potential cleanup of the site.

Schedule 4.15 Insurance

A. Portland General Electric Company: Schedule of Insurance (Other than Title Insurance) as of 11/1/03:

Coverage placed by Enron	Coverage Period	Primary Layer Insurer
Directors and Officers Liability	04/19/2003 – 04/19/2004	Greenwich Insurance Company
Excess Liability	04/21/2003 – 04/21/2004	AEGIS Insurance Services Inc.
Fiduciary Liability	05/15/2003 – 05/15/2004	Greenwich Insurance Company
Commercial Crime	01/01/2003 – 01/01/2004	National Union Fire Insurance Co.
Special Crime Coverage	11/18/2002 – 11/18/2005	Hiscox
Coverage independently placed by Portland General Electric Co.	**Coverage Period**	**Primary Layer Insurer**
All Risk Property	7/01/2003 – 7/01/2004	FM Global (75%) HSB (25%)
T&D Finite Risk – Primary x of $1MM	11/1/2000 – 11/1/2005	AEGIS Insurance Services Inc.
T&D 1st Excess - Excess of $5MM	7/01/2003 – 7/01/2004	Everest Re (Bermuda) Ltd.
T&D 2nd Excess – Excess of $7.5MM	7/01/2003– 7/01/2004	ACE Bermuda Insurance Ltd.
D&O Liability x of Enron D&O	1/07/2003 – 1/07/2004	Greenwich Insurance Company
Western Interconnect Electric System	6/01/2003 – 6/01/2004	AEGIS Insurance Services Inc.
Pelton/Round Butte Primary Auto	1/01/2003 – 1/01/2004	Liberty Mutual Insurance Co.
WTC Catering Liability	6/16/2003 – 6/16/2004	Gulf Insurance Company
Safety Training Professional Liability	9/23/2003 – 9/23/2004	Admiral Insurance Company
Nuclear Liability Facility Form	3/01/1974 'til canceled	ANI/MAELU
Nuclear Liability Suppliers & Transporters	3/01/1974 'til canceled	ANI/MAELU
Nuclear Liability Master Worker	1/01/1998 'til canceled	ANI/MAELU
Excess Workers Compensation	8/01/2003 – 8/01/2004	National Union Fire Insurance Co.
Aviation	11/1/2003 – 11/1/2004	Global Aerospace (AAU)

B. Portland General Electric Company and Subsidiaries: Surety Bonds as of 10/30/03.

Bond No.	Surety	Amount	Exp/Anniv Date	Description	Obligee	Principal
JZ 7770	St. Paul	35,000	5/5/04	Removal-Fill Permit – DSL # RF 16811	Oregon Div of Lands	PGE
72396 46973	USF&G-St. Paul	1,055,000	7/1/02 Continuous	Self-Insurer	State of Oregon	Enron Corp. Incl. PGE
JX 8808	St. Paul	26,500	9/3/02 Continuous	Conduct Mining	Oregon: DOGAMI	PGE
41955 97 0	USF&G-St. Paul	10,000	12/21/02 Continuous	Contractors	State of Oregon	PGE
22004 404	Liberty Mutual	40,000	6/21/05	Performance	City of Portland	PGE
300212485 (Assigned by Customs)	AEGIS Security Ins. Co.	50,000	7/6/03 Continuous	Customs Bond	US Customs Service	PGE
SF1145	St. Paul	5,326	10/9/04	Performance	City of Salem	PGE
SF1147	St. Paul	25,199	8/27/04	Performance	City of Salem	PGE

C. Change of Control

1. All ongoing insurance that appears above under the caption "Coverage placed by Enron" (D&O, Excess Liability, Fiduciary, Commercial Crime, and Special Crime) will terminate for the Transfer Group Companies based on a "change in control". For some of these coverages (D&O and Excess Liability) a change in control will trigger "run-off" provisions.

2. The D&O coverage that is independently placed by the Company will convert to run-off coverage upon a change in control.

Schedule 4.16(a) Material Contracts

1. Franchise Agreement between the Company and the City of Portland (written in part and part oral and course of conduct).

2. Merchant Book trading and other trading contracts entered into in the Ordinary Course of Business.

3. O&M Trust Agreement, executed by United States of America, Department of Interior, acting by and through the Bonneville Power Administrator and the Company, executed October 11, 1967.

4. O&M Trust Agreement, executed by United States of America, Department of Interior, acting by and through the Bonneville Power Administrator and the Company, executed October 16, 1967.

Schedule 4.16(b) Related Party Contracts

1. Consulting Services Agreement between the Company and Enron Engineering and Operational Services Co., dated as of August 10, 2001.

2. ISDA Master Agreement between Enron Capital & Trade Resources Corp. (now Enron North America) and Portland General Electric Company, dated as of October 31, 1995.

3. Master Service Agreement dated March 24, 2000, including addenda, between the Company and its affiliates, including Enron Corp and its subsidiaries.

4. Portland General Electric Company Master Energy Purchase Agreement dated April 1, 1999, by and between the Company, as buyer, and Enron Power Marketing Inc., as seller.

5. Service Agreement dated as of October 6, 1998, by and between the Company, as seller, and Enron Power Marketing, Inc., as purchaser, under Portland General Electric Company's FERC Electric Tariff, Original Volume No. 11.

6. Consulting Services Agreement dated as of May 24, 2001, between the Company, as consultant, and Enron Building Services, Inc. (now Affiliated Building Services), as customer.

7. Real-Time Brokering Services Agreement dated as of June 12, 1998, between the Company, as provider, and Enron Capital and Trade Resources (now Enron North America), as customer.

8. Facilities Attachment Agreement between the Company and Enron Broadband Services, Inc., dated January 1, 2001.

9. Tax Allocation Agreement between Enron Corp. and the Company and its subsidiaries.

10. Loan between the Company and Portland Energy Solutions Company dated April 1, 2003 – Amendment to Revolving Credit Agreement.

11. Agreement between the Company and Portland General Distribution, LLC (PGD) regarding the sale and transfer of conduit from the Company to PGD over the period from May 2000 to the end of 2001.

12. Conduit Occupancy License Agreement dated February 8, 2002 between Portland General Distribution, LLC and the Company.

13. Indefeasible Right of Use, Construction and Maintenance Agreement dated February 8, 2002 between Portland General Distribution, LLC and the Company.

14. Indefeasible Right of Use and Maintenance Agreement dated August 21, 2003 between Portland General Distribution, LLC and the Company.

15. Indefeasible Right of Use and Maintenance Agreement dated August 29, 2003 between Portland General Distribution, LLC and the Company (Bank of California to the Pittock Block).

16. Indefeasible Right of Use and Maintenance Agreement dated August 29, 2003 between Portland General Distribution, LLC and the Company (Crown Plaza).

17. Facilities Attachment Agreement dated February 5, 2001 between Portland General Distribution, LLC and the Company.

18. Master Services Agreement between Enron Engineering & Operational Services Company and the Company dated July 30, 2001.

Schedule 4.17 Financial Advisors

1. The Blackstone Group L.P.

Schedule 4.20 Nuclear Facility

1. The U.S. Nuclear Regulatory Commission as a result of the September 11, 2001 event has placed Interim Compensatory Measures (ICMs) on nuclear facilities. Additional security requirements (ICMs) are intended to be placed on Independent Spent Fuel Storage Installations (ISFSIs) by the end of 2003. The U.S. Nuclear Regulatory Commission is currently performing a review of the design basis security threat and additional measures could possibly be anticipated in 2004. The extent and costs of such additional security requirements are not known.

2. The U.S. Department of Energy has failed to perform according to the Code of Federal Regulations and according to the Standard Contract for the acceptance of spent nuclear fuel at a geologic repository. Several Congressional attempts to address this situation by legislation were not successful during the Clinton administration and the non-performance issue is now subject to litigation by the commercial nuclear industry.

   It is evident that the development of the geologic repository at Yucca Mountain has been substantially delayed and faces many technical challenges as well as concerted lawsuits by the State of Nevada to prevent further development of the repository. Additionally, it is apparent that the transportation of spent nuclear fuel to the repository is being strongly challenged by states and communities.

   It is therefore anticipated that the spent nuclear fuel currently at the Company Nuclear Facility will remain on site for an extended period.

   The damages as a result of the non-performance of the U.S. Department of Energy are substantial and would continue to increase if such delays continue. It is expected that such costs will be borne by the U.S. Department of Energy or will be collected in rates, however, this is not assured.

3. There is a continued disagreement between the U.S. Nuclear Regulatory Commission and the U.S. Environmental Protection Agency over cleanup criteria for nuclear decommissioning sites. There exists a memorandum of understanding between the agencies, which addresses the issues and asserts to prevent dual regulation of decommissioning site cleanup. The U.S. Nuclear Regulatory Commission, which traditionally has had primacy is the matter of radiological cleanup criteria, has announced that it will pursue legislation to clarify the issues. This indicates to the nuclear industry that the issues are possibly unresolved. It is not expected that dual regulation will have a substantial impact on the Company Nuclear Facility, however, as a minimum it would mean additional modeling and negotiations with the USEPA. The possibly of additional radiological remediation to meet both agency criteria could be anticipated, however, it cannot be ascertained until resolution is reached.

Schedule 4.21 Intellectual Property

1. Reference is made to Schedule 4.12.

Schedule 4.22(a)(i) Owned Property

Property Owned by the Company
STATE OF OREGON

CLACKAMAS COUNTY	
Description	Location
Sec. 11, T. 3 S., R. 1 W. WM; 0.92 acre, Tax Lot 600	Boones Ferry and Roberts Road; 1-1/2 miles north of Wilsonville
Parcel 1, Partition Plat No. 1990-83, County of Clackamas, State of Oregon; 1 parcel, 7.36 acres	Boeckman Road, 1,000 feet west of I-5
SE 1/4, Sec. 27, T. 1 S., R. 2 E.; 2 parcels, Tax Lot 400 = 0.505± acres and Tax Lot 1100, 0.15± acre	Top of Mt. Scott
Hector Campbell D.L.C., 3 parcels: 0.31± acre, 0.17± acre, 0.38± acre; 0.86± acreage total	1 mile east of Milwaukie
NE 1/4, Sec. 30, T. 1 S., R. 3 E.; 1 parcel, Tax Lot 1201 = 1.79 acres	On Multnomah-Clackamas County line 850 feet west of Foster Road
Sec. 36, T. 1 S., R. 3 E.; Tax Lot 2800 = 4.27 acres, Tax Lot 500 = .32 acres, being a portion of Lot 8, Cool Ridge Home Tracts and includes 5-1/2' of vacated street between Lots 8 and 9, 4.59 acres	1/2 mile north of Boring on Boring Road
Sec. 36, T. 1 S., R. 4 E., 0.31 acres	Near Sandy River
Lot Whitcomb D.L.C., in Sec. 1 and 2, T. 2 S., R. 1 E., part of Tax Lot 300; .84 acre	Seventh Avenue and 7th Street, Milwaukie Heights
Sec. 3, T. 2 S., R. 1 E., Tax Lot 7000; 0.61 acre	East of Southern Pacific Company right-of-way on Foothill Road
Sec. 5, T. 2 S., R. 1 E., SE 1/4 of NE 1/4; 1.12± acres, Tax Lot 400	SW 49th Drive and Boones Ferry Road
N 1/2 of SE 1/4 of Sec. 13, T. 2 S., R. 1 E.; 1 parcel 2.11 acres, Tax Lot 734	On Ken's Court 550 feet south of Vineyard Road
SE 1/4, Sec. 16, T. 2 S., R. 1 E., WM; 1 parcel, 7.733 acres, Tax Lot 1290	Intersection of Rosemont Road and Stafford Road, 3 miles west of Lake Oswego
Sec. 19, T. 2 S., R. 1 E., 1.98-acre parcel, Tax Lot 400	6280 Borland Road, Tualatin, Oregon; located 1.5 miles south and east of the Nyberg/I-5 interchange
Robert Moore D.L.C., 40-foot strip being part of Tax Lot 2000, 4.58± acres	Oregon City Falls vicinity (west side)
Robert Moore D.L.C., part of Tax Lot 1100; 2.52 acres	Oregon City Falls vicinity (west side)
Robert Moore D.L.C., part of Tax Lot 4; 4.15± acres	Oregon City Falls vicinity (west side)
Robert Moore D.L.C., 100-foot strip being part of Tax Lots 4, 5, and 10, 11.33 acres (part of Tax Lot 2000)	Oregon City Falls vicinity (west side)

CLACKAMAS COUNTY	
Description	Location
Robert Moore D.L.C., 35-foot strip being a part of Tax Lot 10; 0.64 acre (part of Tax Lot 2000)	Oregon City Falls vicinity (west side)
Robert Moore D.L.C., portion of Tax Lot 11, south of tailrace; 12.23± acres (Tax Lot 770, 22E 31)	Oregon City Falls vicinity (west side)
Sec. 31, T. 2 S., R. 2 E., part of Tax Lot 600, 1.5 acres	Oregon City Falls vicinity
Sec. 31, T. 2 S., R. 2 E., part of Tax Lot 600, 5.21 acres	Oregon City Falls vicinity (Abernethy Island)
Sec. 36, T. 2 S., R. 1 E., Tax Lot 30, 7.17 acres and 3.10 acres	Oregon City Falls vicinity (Abernethy Island)
A. McKinley D.L.C., part of Tax Lot 17 (including part of Lots 5, 6, 7, 8, 9, 14, and all of 10, 11, 12, and 13 of People's Transportation; and Block 26, Canemah); Tax Lot 2790, 590 acres, and Tax Lot 2770, 0.80 acres	Oregon City Falls vicinity (east side)
A. McKinley D.L.C., Tax Lot 18, 1.0 acres	Oregon City Falls vicinity (east side)
A. McKinley D.L.C., Tax Lot 31, 2.0± acres	Oregon City Falls vicinity (east side)
Oregon City D.L.C., Tax Lot 166, 8.64± acres	Oregon City Falls vicinity (east side)
Sec. 36, T. 2 S., R. 1 E., Tax Lot 200, 1.60 acres	Oregon City Falls vicinity (east side)
Subdivision 1, Lots 3 and 4, Block A, Canemah; 0.14 acre, Tax Lot 1700, 12E36DD	Southwest of Oregon City
Sec. 2, T. 2 S., R. 2 E., Tax Lot 2300; 4.82 acres	On Sunnyside Road, 2-3/4 miles east of 82nd Avenue
Sec. 33, T. 1 S., R. 2 E., and Sec. 4, T. 2 S., R. 2 E.; 1 parcel, 1.99 acres, part of Tax Lot 3700, 22E4BB	On south side of Sunnyside Road, 330 feet east of 82nd Street
Sec. 6, T. 2 S., R. 2 E., Tax Lot 30-1 of J. D. Garrett D.L.C. 61; 1.31 acres, Tax Lot 200, 22E6AA	Harmony and Lake Roads
Sec. 14 and 11, T. 2 S., R. 2 E., 20.92 acres	East of SE 130th and south of Clackamas-Carver Highway south of Jennifer Street
Isom Cranfield D.L.C., Sec. 16, T. 2 S., R. 2 E., Tax Lot 17-2; 3.01 acres, Tax Lot 2400	East side of Southern Pacific Company right-of-way, Clackamas, Oregon
Isom Cranfield D.L.C., Sec. 16, T. 2 S., R. 2 E.; 1.65± acres, Tax Lot 900, 22E16A	Right bank of Clackamas River and east line of Fish Commission, Clackamas, Oregon
Sec. 18, T. 2 S., R. 2 E., First Addition to Jennings Lodge; 3 parcels, 1.46 acres, Tax Lot 1000 = .62 acres, Tax Lot 1090 = .84 acres,	2 miles northwest of Oregon City on Highway 99E and Jennings Avenue

CLACKAMAS COUNTY	
Description	Location
Oregon City - Green Point Addition: part of Lots 2 and 3, and all of Lots 4, 5, and 6; all in Block 3; 0.569 acre, Tax Lot 1500	17th Street and Southern Pacific Company right-of-way
Lot 33, Field's Addition; 1 parcel, 0.32± acre, except the SW 10 feet	Oregon City
Subdivision 12 of Oregon City waterfront, 0.01± acre, Tax Lot 4600	Oregon City
Part of Subdivision 27, West Oregon City, Block B, Tax Lot 100; 0.03± acre, 22E30DC	West Linn
L.D.C. Latourette D.L.C. 39 and 45, in Sec. 33, T. 2 S., R. 2 E., Tax Lot 2700, 12.33± acres	1/2 mile north of McLoughlin Substation
Sec. 2, T. 2 S., R. 4 E.; 3 parcels: Tax Lot 801 = 2.56 acres, Tax Lot 1001 = 1.21 acres, and a lot .02 acres	Bluff and Dunn Roads
Sec. 14, T. 2 S., R. 4 E.; 0.81± acre, part of Tax Lot 800, 24E14AD	Mt. Hood Loop and Bluff Road, Sandy
Sec. 31, T. 2 S., R. 4 E., part of vacated portion of Eagle Creek, 2.02 acres; all Lots 27 and 28, and portion of Lot 26, Block 8, Eagle Creek; portion of Lot 26, Block 8, vacated Eagle Creek, 0.16 acre, part of Tax Lot 400(D)	Eagle Creek
SW 1/4 of Sec. 4, T. 2 S., R. 5 E.; part of Tax Lot 400(I), 29.48± acres, 57.50 acres and 13.03 acres (Assessor has 57.50 acres on all of lot 400)	1-1/2 miles southeast of Bull Run
Sec. 4, T. 2 S., R. 5 E., Tax Lot 1300, 3.70 acres	1-1/2 miles southeast of Bull Run
Northwest 1/4 of SW 1/4 of Sec. 4, T. 2 S., R. 5 E.; part of Tax Lot 400(G), 16.9± acres	1-1/2 miles southeast of Bull Run
NW 1/4 of SW 1/4 of Sec. 4, T. 2 S., R. 5 E.; part of Tax Lot 400(H), .20± acre	1-1/2 miles southeast of Bull Run
Sec. 5, T. 2 S., R. 5 E., Tax Lot 9; 30.58± acres, Tax Lot 500	1/2 mile southeast of Bull Run
NW 1/4 of SW 1/4 of Sec. 5, T. 2 S., R. 5 E.; 8.50± acres, Tax Lot 500	1/2 mile southeast of Bull Run
Sec. 6, T. 2 S., R. 5 E., Tax Lots 100, 200 and 301; 540.64 acres	Bull Run vicinity
Sec. 7, T. 2 S., R. 5 E., part of Tax Lots 2100 and 2190; 45.18± acres	1-1/2 miles south of Bull Run
Sec. 10, T. 2 S., R. 5 E., part of Tax Lot 200; 100.0± acres	3 miles southeast of Bull Run
Sec. 13, T. 2 S., R. 5 E., part of Tax Lot 300; 68.11± acres	4-1/2 miles southeast of Bull Run

CLACKAMAS COUNTY	
Description	Location
Sec. 14, T. 2 S., R. 5 E., part of Tax Lot 6; 180.32± acres	4 miles southeast of Bull Run
Sec. 18, T. 2 S., R. 6 E., part of Tax Lot 2; 6.0 acres	6 miles southeast of Bull Run
Sec. 23, T. 2 S., R. 6 E., Tax Lot 1400; 1.0 acre	Marmot Road and Mt. Hood Highway
Sec. 23, T. 2 S., R. 6 E.; parcel 1 - Tax Lot 400; 1.10 acre	South of Truman Road, 1/8 mile± east of Sandy River Bridge
Ambrose Fields D.L.C., part of Tax Lot 500; 17.15 acres	Oregon City Falls vicinity (west side)
Ambrose Fields D.L.C., Tax Lot 2200, 4.20 acres	Oregon City Falls vicinity (west side)
Sec. 11, T. 3 S., R. 1 E., part of D.L.C. Tax Lot 500; 6.60± acres	7-1/2 miles south of Oregon City on Pacific Highway, East
C. Pendleton D.L.C., in Sec. 32, T. 3 S., R. 1 E., part of Tax Lot 1300, 1.0 acre	1 mile north of Barlow at the intersection of County Roads 413 and 735
Sec. 34, T. 3 S., R. 1 E., Lot 91, Canby Gardens; 3.917 acres, Tax Lot 1900	North side S.P.R.R. and west side Garden Road, 0.30 mile on 99E, northeast of Canby
L.D.C. Latourette D.L.C. 39, in Sec. 4, T. 3 S., R. 2 E.; 34.68 acres, Tax Lot 1500	Maple Lane and Waldo Road
James Swafford D.L.C., Sec. 4, T. 3 S., R. 2 E., Tax Lot 100; 17.58± acres	South of McLoughlin Substation
William Holmes D.L.C., in Sec. 5 and 6, T. 3 S., R. 2 E., part of Tax Lot 99; 2 parcels, 6.59 acres, Tax Lot 100 = 5.63 acres, Tax Lot 201 = 96 acres	Ralstron Street and Market Road 20 (Warner Milne), Oregon City
Sec. 6, T. 3 S., R. 2 E., in NE 1/4; parcel 150 x 290 feet, 1.0± acre, Tax Lot 400, 32E6AD	South Oregon City, Holmes Lane near Leonard Street
Sec. 9, T. 3 S., R. 2 E.; parcel 1, 004.5 x 435 feet, in NE 1/4, 9.82 acres, Tax Lot 100, 32E9A	Southeast of Oregon City on Thayer Road
Sec. 12, T. 3 S., R. 2 E.; 1 parcel, 7.45 acres, Tax Lot 301, 32E12A	0.8 mile west of Redland and 1 mile south on Grasle Road
Sec. 21, T. 3 S., R. 2 E., Part of Lot 10 "Brown Acres", 2.85 acres, Tax Lot 500	Fishers Corner, State Highway 213
Sec. 22, T. 3 S., R. 2 E., Tax Lot 600 (1.59 acres), Tax Lot 1000 (4.96 acres), Tax Lot 1600 (.06 acre), Tax Lot 2000 (.65 acre). Total 7.26 acres	Beaver Creek Station
Sec. 10, T. 3 S., R. 4 E.; near Eagle Creek	Northwest of Estacada
Sec. 12, T. 3 S., R. 4 E.; near Eagle Creek	Northwest of Estacada

CLACKAMAS COUNTY	
Description	Location
Sec. 14, T. 3 S., R. 4 E., Portion of NE ¼ & E ½ of NW ¼	Northwest of Estacada
Sec. 19, T. 3 S., R. 4 E., part of Gov. Lot 1; 24.15± acres, Tax Lot 100	1-1/2 miles west of Estacada
Sec. 20, T. 3 S., R. 4 E., Tax Lot 3; and William Wade D.L.C., Tax Lot 1; 144.31 acres, Tax Lot 1900 = 54.90 acres, Tax Lot 2000 = 89.41 acres	1/2 mile west of Estacada
Fredrick Helms D.L.C., Tax Lot 28, Tax Lot 25, Sec. 29, T. 3 S., R. 4 E., part of Tax Lot 42; Franklin Pierce D.L.C., part of Tax Lot 23; 48.95 acres	South of Estacada
Sec. 29, T. 3 S., R. 4 E., Lots 77 to 85 and west 10' of Lot 76 (.436 acre)	Lots 1 to 296, map of Estacada Lake, Sheet 1
Sec. 33, T. 3 S., R. 4 E., Tax Lots 400 and 490 (217.16 acres) and Tax Lot 301 (2.11 acres). Total 219.27	1-1/2 miles southeast of Estacada
Sec. 34, T. 3 S., R. 4 E., Tax Lots 3, 4, 5, 6, and 7; 264.83 acres	2 miles southeast of Estacada
Sec. 4, T. 3 S., R. 7 E.; 1 parcel, 4.5 acres, Tax Lot 100, 37E4B	1/2 mile east of Welches Road on Highway 26
Sec. 17, T. 4 S., R. 2 E., Tax Lot 600, and part of Tax Lot 45; 1.55 acres	On Market Road 22 at Mulino
Harrison Wright D.L.C. 38, Sec. 29, T. 4 S., R. 2 E., WM, part of Tax Lots 801 and 901 = 2.51 acres, registered survey	Liberal, Oregon, on State Highway 213 and Wiles Road
Sec. 3, T. 4 S., R. 4 E., Tax Lot 1 and adjacent 200- x 400-foot triangle, 369.70 acres, Tax Lot 100	3 miles southeast of Estacada
Sec. 11, T. 4 S., R. 4 E., part of Tax Lot 100; 150.76 acres	4 miles southeast of Estacada
Sec. 2, T. 4 S., R. 4 E., Tax Lot 1000; 20.05 acres	3-1/2 miles southeast of Estacada
Sec. 2, T. 4 S., R. 4 E., Tax Lot 1190 of 49.56 acres and Tax Lot 290 of 35.00 acres	3-1/2 miles southeast of Estacada
Sec. 12, T. 4 S., R. 4 E., part of Tax Lot 790; 289.97 acres	4-1/2 miles southeast of Estacada
Sec. 18, T. 4 S., R. 5 E., part of Tax Lot 2290; 219.02 acres	5-1/2 miles southeast of Estacada
Sec. 26, T. 4 S., R. 5 E., part of Tax Lot 1; 3.35 acres	9-1/2 miles southeast of Estacada
Sec. 29, T. 4 S., R. 5 E., part of Tax Lot 4100; 33.61 acres	7-1/2 miles southeast of Estacada
Sec. 7, T. 5 S., R. 2 E., in SE 1/4; 0.21 acre, Tax Lot 1600	1 mile west of Molalla

CLACKAMAS COUNTY	
Description	Location
Sec. 7, T. 5 S., R. 2 E., Tax Lot 1503; 1.09 acres	1 mile west of Molalla
Sec. 7, T. 5 S., R. 2 E.; 1 parcel, 5.48 acres, Tax Lot 1506 = 4.26 acres, Tax Lot 1600 = 1.22 acres	1 mile west of Molalla
Sec. 4, T. 5 S., R. 3 E., part of Lot 1, Carlsborg Tract; 1 parcel, 1.72 acres, Tax Lot 701	On South Highway 211, 1/4 mile west of Colton
Sec. 26, T. 5 S., R. 6 E., Tax Lot 200, 10.00 acres	Davis Ranch Property, Clackamas River
Sec. 27, T. 5 S., R. 6 E., Tax Lot 300, 15.00 acres	Davis Ranch Property, Clackamas River
Sec. 34, T. 5 S., R. 6 E., Tax Lot 400, 17.50 acres	Davis Ranch Property, Clackamas River
Sec. 35, T. 5 S., R. 6 E., Tax Lot 500, 10.00 acres	Davis Ranch Property, Clackamas River
Sec. 22, T. 3 S., R. 2 E., Tax Lot 2000; .65 acre	5 miles southeast of Oregon City
Sec. 31, T. 1 S., R. 5 E., part of Tax Lot 400, 7.36 acres (12 acres county)	1 mile northwesterly of Bull Run
100-foot right-of-way in NW 1/4 of NW 1/4, Sec. 31, T. 1 S., R. 5 E., 3.04 acres	Between confluence of Sandy and Bull Run Rivers and east line of Dodge Park
SE 1/4, Sec. 16, T. 2 S., R. 1 E., WM; 1 parcel, 14.24 acres, Tax Lot 1200	Intersection of Rosemont and Stafford Roads, 1/2 mile south of city limits of Lake Oswego
Sec. 16, T. 2 S., R. 1 E., 1 parcel, 4 acres	SE corner of intersection of Rosemont and Stafford Roads
Joseph A. Field D.L.C., part of Tax Lot 700, 2.85 acres	On Tualatin River near Dollar St, Willamette, Oregon
Robert Moore D.L.C., part of Tax Lot 1700 in Hugh Burns D.L.C.; 53.37 acres	Oregon City Falls and vicinity
Robert Moore D.L.C., portion of Tax Lot 11 north of tailrace, 10.45 acres	Oregon City Falls and vicinity
Canemah: Part of Block 21, 0.23 acre	Southwesterly of Oregon City
People's Transportation, part of Lot 14 and all of Lots 15 to 23, inclusive; .55 acres; part of Tax Lot 17	Southwesterly of Oregon City
Oregon City Claim 56, Tax Lot 171, 1.42 acres	Oregon City Falls and vicinity
Sec. 13, T. 2 S., R. 4 E., 0.02 acre	South of Sandy
Sec. 4, T. 2 S., R. 5 E., part of Tax Lot 6 (Tax Lot 300, 7.5 acres)	1-1/2 miles easterly of Bull Run

CLACKAMAS COUNTY	
Description	Location
Sec. 5, T. 2 S., R. 5 E., part of Tax Lot 600, 34.0 acres	1/2 mile southeasterly of Bull Run
Sec. 8, T. 2 S., R. 5 E., Tax Lot 1400, 7.57 acres	2 miles southerly of Bull Run
Sec. 9, T. 2 S., R. 5 E., Tax Lot 300, 120.00 acres	1-1/2 miles southeasterly of Bull Run
Sec. 10, T. 2 S., R. 5 E., part of Tax Lot 100, 100.00 acres	2-1/2 miles southeasterly of Bull Run
Sec. 11, T. 2 S., R. 5 E., part of Tax Lot 600, 40.00 acres	3-1/2 miles southeasterly of Bull Run
Sec. 11, T. 2 S., R. 5 E., part of Tax Lot 501, 0.12 acre	3-1/2 miles southeasterly of Bull Run
Sec. 14, T. 2 S., R. 5 E., part of Tax Lot 200 of 77.93 acres and Tax Lot 1000 of 51.57 acres	4 miles southeasterly of Bull Run
Sec. 16, T. 2 S., R. 5 E., Tax Lot 100, 178.00 acres	2 miles southeasterly of Bull Run
Sec. 17, T. 2 S., R. 5 E., Tax Lot 100, 122.00 acres	2 miles southerly of Bull Run
Sec. 24, T. 2 S., R. 5 E., part of Tax Lot 5, 11.0 acres	1 mile north of Cherryville, Oregon
.66 acres (WVS-6) Tax Lot 800	1st Interstate Trustee
1.15 acres (WVS-7) Tax Lot 1100	1st Interstate Trustee
George Graham D.C.L., 1.00 acres (WVS-8) Tax Lot 2100	1st Interstate Trustee
Richard Young D.L.C., Tax Lots 1500 and 1590, 14.54 and 21.16 acres, respectively	2 miles westerly of Estacada
Sec. 19, T. 3 S., R. 4 E., 52.11 acres, Tax Lot 190	2 miles westerly of Estacada
Sec. 34, T. 3 S., R. 4 E., 3.70 acres	Near Faraday Dam
Sec. 34, T. 3 S., R. 4 E., 3.24 acres	Near Faraday Dam
4.00 acres (WVS-9) Tax Lot 2100	1st Interstate Trustee
0.42 acres (WVS-9) Tax Lot 2190	1st Interstate Trustee
2.69 acres (WVS-9) Tax Lot 200	1st Interstate Trustee

CLACKAMAS COUNTY	
Description	Location
1.95 acres (WVS-9) Tax Lot 290	1st Interstate Trustee
2.48 acres (WVS-9) Tax Lot 3100	1st Interstate Trustee
Sec. 2, T. 4 S., R. 4 E., part of Tax Lot 1000, 18.02 acres	3-1/2 miles southeast of Estacada
Sec. 11, T. 4 S., R. 4 E., part of Tax Lot 400, 40 acres	4 miles southeast of Estacada
Sec. 11, T. 4 S., R. 4 E., part of Tax Lot 200, 45 acres	4 miles southeast of Estacada
Sec. 12, T. 4 S., R. 4 E., part of Tax Lot 200, 71.70 acres	4-1/2 miles southeast of Estacada
3.06 acres, Tax Lot 2101	1st Interstate Trustee
Sec. 18, T. 4 S., R. 5 E., part of Tax Lot 2200, 193.09 acres	5-1/2 miles southeast of Estacada
Sec. 20, T. 4 S., R. 5 E., Tax Lot 3000, 3.1 acres	5-1/2 miles southeasterly of Estacada
Sec. 26, T. 4 S., R. 5 E., Tax Lot 3700, 7.15 acres	9 miles southeasterly of Estacada
Sec. 20, T. 4 S., R. 6 E., Tax Lot 600, 37.50 acres	13 miles southeasterly of Estacada
1.89 acres (WVS-21)	1st Interstate Trustee
1.76 acres (WVS-22), Tax Lot 1200	1st Interstate Trustee

COLUMBIA COUNTY	
Description	Location
Sec. 2, T. 6 N., R. 2 W.; 2 parcels, 64.25 acres total	Near Trojan
Sec. 2, T. 6 N., R. 2 W.; 1 parcel, 10.75 acres	Near Trojan
Sec. 2, T. 6 N., R. 2 W.; 4 parcels, 126.97 acres	Near Trojan
Sec. 1, T. 6 N., R. 2 W.; Government Lots 1, 2, 3, and 4; 141.15 acres total	Lower Columbia River Highway between Goble and Prescott
Sec. 2, T. 6 N., R. 2 W.; 6 parcels, 204.44 acres total	Lower Columbia River Highway between Goble and Prescott

CLACKAMAS COUNTY	
Description	Location
Sec. 26, T. 7 N., R. 2 W., Lot 100, 37.86 acres – Prescott Beach	Prescott
Sec. 35, T. 7 N., R. 2 W., Lot 100, 23.20 acres – Prescott Beach	Prescott
Sec. 35, T. 7 N., R. 2 W., Lots 6 & 36 and undesignated 90-foot by 38-foot lot, 1.84 acres	Prescott
Prescott Homes: Tracts 29, 30, 31, 32, 33 and portion of 34	Prescott
Sec. 35, T. 7 N., R. 2 W.; 1 parcel, 0.60 acre	Prescott
Sec. 36, T. 7 N., R. 2 W.; 1 parcel, 0.73 acre	Prescott
Prescott Homes: Tracts 25 & 26, Tax Lot 2500	Prescott
Prescott Homes: Tracts 13	Prescott
Sec. 22, T. 3 N., R. 2 W., WM, Hillcrest Part 1: Block 7, Lots 26, 27, 28, 29; Block 8, Lots 19, 20; Block 9, Lots 15, 16; Block 10, Lots 1, 2, 13, 14; Block 11, Lots 1, 12, 13; Block 12, Lots 8, 9; Block 14, Lots 7, 8, 9, 10; 5.05 acres	NW 1/4 of NE 1/4 of Sec. 22
Sec. 22, T. 3 N., R. 2 W., WM, Hillcrest Part 1: Block 4, Lots 35, 36, 37, 38, 39, 52, 53, 54, 55; Block 13, Lots 6, 7; Block 14, Lots 1, 2, 3, 4, 5, 6, 23; Block 22, Lots 7, 8, 9, 10, 14, 15, 16, 17, 18; Block 23, Lots 5, 6, 7, 8, 9; 8.00 acres	SW 1/4 of NE 1/4 of Sec. 22
Sec. 22, T. 3 N., R. 2 W., WM, Hillcrest Part 2: Block 19 A, Lots 27, 28, 29, 30, 31; Block 25, Lots 1, 2; 1.90 acres	NE 1/4 of SE 1/4 of Sec. 22
Sec. 22, T. 3 N., R. 2 W., WM; Parcel 1, 18.024 acres and Parcel 3, 8.726 acres	SE 1/4 of SE 1/4 of Sec. 22
Sec. 22, T. 3 N., R. 2 W., WM; Parcel 2, 5.543 acres	NW 1/4 of SE 1/4 of Sec. 22
Sec. 4, T. 4 N., R. 1 W., WM, St. Helens; Block 145, Lots 1, 2, 3, 4, 19, 20, 21, and 22; 1.03 acres	S. 18th Street and Columbia Boulevard
Sec. 6, T. 4 N., R. 1 W.; 1 parcel, 2.30 acres	Sykes Road and BPA Crossing S.J.-A. Line
Sec. 7, T. 4 N., R. 1 W.; 1 parcel, 0.32 acre	Gabel Road and Childs Road
St. Helens: 4.60 acres in the Thomas H. Smith D.L.C. 40, Sec. 9, T. 4 N., R. 1 W., WM	9th Street and Railroad Avenue

CLACKAMAS COUNTY	
Description	Location
St. Helens: 1.26 acres in the Thomas H. Smith D.L.C. 40, Sec. 8, T. 4 N., R. 1 W., WM	Columbia River Highway, southeasterly side near Sykes Road intersection
South St. Helens; Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12; Block 13; 1.63 acres	9th Street and Railroad Avenue
South St. Helens vacated 9th Street; 0.3875 acre	Adjacent to Block 13
Sec. 2, T. 4 N., R. 2 W.; 1 parcel, 3.78 acres	Adjacent to south side B42-2, Yankton Substation site
Sec. 2, T. 4 N., R. 2 W.; 1 parcel, 3.79 acres	Adjacent to south side B42-2, Yankton Substation site
Sec. 11, T. 4 N., R. 2 W., WM; 1 parcel, 3.516 acres	South and west of Stone Road
Sec. 2, T. 6 N., R. 2 W.; 1 parcel, 11.85 acres	Lower Columbia River Highway between Goble and Prescott
Sec. 2, T. 6 N., R. 2 W.; 2 parcels, 64.25 acres total	Lower Columbia River Highway between Goble and Prescott
Sec. 2, T. 6 N., R. 2 W.; 1 parcel, 10.75 acres	Lower Columbia River Highway near Prescott
Sec. 35 and 36, T. 7 N., R. 2 W.; 1 parcel, 17.30 acres	Lower Columbia River Highway near Prescott
Sec. 35 and 36, T. 7 N., R. 2 W.; 2 parcels, 52.09 acres total	Lower Columbia River Highway near Prescott
Sec. 35, T. 7 N., R. 2 W.; 1 parcel, 132 acres more or less	Lower Columbia River Highway near Prescott
Sec. 36, T. 7 N., R. 2 W.; strip between low water and Parcels E and D	Lower Columbia River Highway near Prescott
Sec. 3, T. 6 N., R. 2 W., WM; 1 parcel, 18± acres	4.10 miles southeasterly of Rainier on south side of BPA transmission right-of-way and west of Timoney Road
Sec. 11, T. 6 N., R. 2 W.; 1 parcel, 0.958 acre	North of Neer City Road on Fowler Road
Sec. 15, 16, 21, and 22, T. 8 N., R. 4 W., WM; 1 parcel, 120.47 acres	On Columbia River, approximately 3 miles west of Magyer, Oregon
Sec. 26, T. 8 N., R. 4 W., WM; 2 parcels, 16.91 acres total	On Ilmary Road, 5.5 miles northeasterly from Clatskanie, Oregon

GILLIAM COUNTY	
Description	Location
Sec. 26, T.3 N., R.22 E., WM, Parcel 8.23 acres	About 5 miles south of I-84 and State Highway 74 Junction (called Heppner Junction)

CLACKAMAS COUNTY	
Description	Location
JEFFERSON COUNTY (1/3 undivided interest sold to Confederated Tribes of Warm Springs)	
Description	Location
T. 9 S., R. 14 E.; E. 1/2 Section 1 and NE 1/4 Section 12 , Tax Lot 100, 479.75 acres	About 13 miles north of Madras, Oregon
T. 9 S., R. 14 E.; S. 1/2 and SW 1/4 Section 1; S. 1/2 of S. 1/2 of Section 2; S. 1/2 of SW 1/4 and SW 1/4 of SE 1/4 of Section 3; N. 1/2 of NE 1/4 and NE 1/4 of NW 1/4 of Section 9; NW 1/4 of NE 1/4 and S. 1/2 of NE 1/4, N. 1/2 of NW 1/4, and SE 1/4 of NW 1/4 of Section 10; N. 1/2 of SW 1/4, NE 1/4 of SE 1/4 and SW 1/4 of SE 1/4 of Section 11; NW 1/4, N. 1/2 of SW 1/4 and SE 1/4 of SW 1/4 of Section 12; Tax Lot 1001, 1544.57 acres	About 13 miles north of Madras, Oregon
T. 9 S., R. 14 E.; NE 1/4 of SW 1/4 of Section 9, Tax Lot 3000, 32.4 acres	About 13 miles north of Madras, Oregon
T. 9 S., R. 14 E.; NW 1/4 of SE 1/4 of Section 11, Tax Lot 2700, 38.07 acres	About 13 miles north of Madras, Oregon
T. 9 S., R. 14 E.; NW 1/4 of NW 1/4 of Section 13; T. 9 S., R. 14 E., NE 1/4 of NE 1/4 of Section 14, Tax Lot 2800, 77.94 acres	About 13 miles north of Madras, Oregon
T. 9 S., R. 14 E.; SE 1/4 of SE 1/4 of Section 11; T. 9 S., R. 14 E., SW 1/4 of SW 1/4 of Section 12, Tax Lot 2801, 77.93 acres	About 13 miles north of Madras, Oregon
T. 9 S., R. 15 E.; Lots 3, 4, 5, 6 and 7, SE 1/4 of NW 1/4, E. 1/2 of SW 1/4, and SE 1/4 of Section 6; Lot 2, NE 1/4 and E. 1/2 of NW 1/4 of Section 7, Tax Lot 1000, 756.87 acres	About 13 miles north of Madras, Oregon
Sec. 1, T. 10 S., R. 12 E.; Tracts 1, 2, 23, 24, 25, and 27 of See's unplatted subdivision, 10.13+ acres	Deschutes River, 10-1/2 miles northwest of Madras
Sec. 1, T. 10 S., R. 12 E.; portion of Government Lot 12, 27.17+ acres	Deschutes River, 10-1/2 miles northwest of Madras
Sec. 12, T. 10 S., R. 12 E.; all of Government Lots 7, 8, and 11 and part of Government Lots 9, 10, and 12, 115.83+ acres	Deschutes River, 10-1/2 miles northwest of Madras
Sec. 7, T. 10 S., R. 13 E., W 3/4 of Government Lot 4, 30+ acres	Deschutes River, 10-1/2 miles northwest of Madras
Sec. 7, T. 10 S., R. 13 E., 97.17 acres, Tax Lots 106 and 107	Near Pelton Dam Road and Highway 26 (Quarry Site)
Sec. 18, T. 10 S., R. 13 E.; part of SE 1/4 of SW 1/4; 2 parcels, 23.4+ acres	Deschutes River, 10-1/2 miles northwest of Madras

CLACKAMAS COUNTY	
Description	Location
Sec. 26, T. 11 S., R. 11 E.; 40 acres SW 1/4 of SW 1/4, part of Tax Lot 2600	Near Round Butte Reservoir
Sec. 28, T. 11 S., R. 11 E.; E 120 feet of W 240 feet of Government Lot 6, 1.20 acres	Metolius River, 7-1/2 miles upstream of Round Butte
Sec. 28, T. 11 S., R. 11 E.; E 60 feet of W 120 feet of Government Lot 6, 0.60 acre	Metolius River, 7-1/2 miles upstream of Round Butte
Sec. 28, T. 11 S., R. 11 E.; W 60 feet of Government Lot 6, 0.60 acre	Metolius River, 7-1/2 miles upstream of Round Butte
Sec. 27, T. 11 S., R. 11 E.; 200 acres S 1/2 of S 1/2 and NW 1/4 of SE 1/4, part of Tax Lot 2600	Near Round Butte Reservoir
Sec. 28, T. 11 S., R. 11 E.; 40 acres SE 1/4 of SE 1/4, part of Tax Lot 2600	Near Round Butte Reservoir
Sec. 32, T. 11 S., R. 11 E.; 40 acres SE 1/4 of SE 1/4, Tax Lot 400	Near Round Butte Reservoir
Sec. 33, T. 11 S., R. 11 E.; 160 acres S 1/2 of SW 1/4 and SE 1/4 of SE 1/4, part of Tax Lots 2600 (40 ac) and 3300 (80 ac)	Near Round Butte Reservoir
Sec. 34, T. 11 S., R. 11 E.; 580 acres E 1/2, S 1/2 of NW 1/4, N 1/2 of SW 1/4 and SW 1/4 of SW 1/4, part of Tax Lot 2600	Near Round Butte Reservoir
Sec. 35, T. 11 S., R. 11 E.; 160 acres W 1/2 of W 1/2, part of Tax Lot 2600	Near Round Butte Reservoir
Sec. 11, T. 11 S., R. 12 E.; N 1/2 of SE 1/4 of SW 1/4, 20.00+ acres	Near Deschutes River, 6-1/2 miles west of Madras
Sec. 14, T. 11 S., R. 12 E.; 1 parcel, 2.83 acres	On main access road, 1/2 mile east of Project shops and offices
Sec. 15, T. 11 S., R. 12 E.; E 1/2 of NE 1/4, 81.08 acres	Deschutes River, 7 miles west of Madras
Sec. 14, T. 11 S., R. 12 E.; portion of W 1/2 or NW 1/4, 15.00 acres	Near Deschutes River, 7 miles west of Madras
Sec. 23, T. 11 S., R. 12 E.; N 1/2 of SW 1/4, 79.81 acres	Near Deschutes River, 7 miles west of Madras
Sec. 27, T. 11 S., R. 12 E.; portion of NE 1/4 of NE 1/4, 1.10 acres	Near Deschutes River, 7-3/4 miles southwest of Madras
Sec. 31, T. 11 S., R. 12 E.; Tax Lot 100, 20 acres, N 1/2, NE 1/4 of NE ¼	Near Round Butte Reservoir
Sec. 32, T. 11 S., R. 12 E.; Tax Lot 700, 20 acres W 1/2, SE 1/4 of NW ¼	Near Round Butte Reservoir
Sec. 32, T. 11 S., R. 12 E.; Tax Lot 600, 20 acres E 1/2, SW 1/4 of NW ¼	Near Round Butte Reservoir

CLACKAMAS COUNTY	
Description	Location
Sec. 32, T. 11 S., R. 12 E.; Tax Lot 1400, 10.00 acres N 1/2, S 1/2, SE 1/4 of SW ¼	Near Round Butte Reservoir
Sec. 32, T. 11 S., R. 12 E.; Tax Lot 500, 20.00 acres W 1/2, SE 1/4 of NW ¼	Near Round Butte Reservoir
Sec. 32 and 33, T. 11 S., R. 12 E.; 600 acres	Between the Deschutes and Metolius Rivers about 10 miles from Madras
Sec. 34, T. 11 S., R. 12 E.; portion of NE 1/4 of SW 1/4, 1.00 acre	Near Deschutes River, 8-1/2 miles south of Madras
Sec. 1, T. 12 S., R. 11 E.; Tax Lot 400, 40 acres W 1/2, W 1/2 of SE ¼	Near Round Butte Reservoir
Sec. 3, T. 12 S., R. 11 E.; Gov. Lots 1, 2 (Tax Lot 500), and 4 (Tax Lot 900), 118.32 acres	Near Round Butte Reservoir
Sec. 4, T. 12 S., R. 11 E.; Gov. Lots 1, 2, and 4 S 1/2 of SW 1/4, SW 1/4 of SE 1/4, 237.49 acres, part of Tax Lots 900, 1200, and 1300	Near Round Butte Reservoir
Sec. 8, T. 12 S., R. 11 E.; 20 acres E 1/2 of SE 1/4 of SE 1/4, 18.07 acres, Tax Lot 2300	Near Round Butte Reservoir
Sec. 9, T. 12 S., R. 11 E.; 460 acres NW 1/4, W 1/2 of NE 1/4, N 1/2 of SE 1/4, W 1/2 of SE 1/4, E 1/2 of SE 1/4 of SW 1/4 and SE 1/4 of SW 1/4, part of Tax Lot 1300	Near Round Butte Reservoir
Sec. 12, T. 12 S., R. 11 E.; Tax Lot 800, 20 acres E 1/2, NW 1/4 of SE ¼	Near Round Butte Reservoir
Sec. 12, T. 12 S., R. 11 E.; Tax Lot 1100, 20 acres E 1/2, SW 1/4 of SE ¼	Near Round Butte Reservoir
Sec. 13, T. 12 S., R. 11 E.; Tax Lot 400, 39.55 acres	Near Round Butte Reservoir
Sec. 13, T. 12 S., R. 11 E.; Tax Lot 900, 9.77 acres W 1/2, E 1/2, SW 1/4 of SW ¼	Near Round Butte Reservoir
Sec. 13, T. 12 S., R. 11 E.; Tax Lot 1600, 2.50 acres N 1/2, N 1/2, E 1/2, W ½	Near Round Butte Reservoir
Sec. 13, T. 12 S., R. 11 E.; Tax Lot 300; 39.55 acres	Near Round Butte Reservoir
Sec. 13, T. 12 S., R. 11 E.; Tax Lot 1800, 8.00 acres E 1/2, E 1/2, SE 1/4 of SE 1/4 excluding 16x20 rod (2.0 acres)	Near Round Butte Reservoir
Sec. 13, T. 12 S., R. 11 E.; Tax Lot 1601, 7.27 acres E 1/2, W 1/2, SE 1/4 of SE ¼	Near Round Butte Reservoir
Sec. 13, T. 12 S., R. 11 E.; Tax Lot 1500, 9.77 acres W 1/2, W 1/2, SE 1/4 of SE ¼	Near Round Butte Reservoir
Sec. 13, T. 12 S., R. 11 E.; Tax Lot 800, 9.77 acres E 1/2, W 1/2, SW 1/4 of SW ¼	Near Round Butte Reservoir

CLACKAMAS COUNTY	
Description	Location
Sec. 23, T. 12 S., R. 11 E.; Tax Lot 3905, 20.00 acres W 1/2 of SE 1/4 of NE ¼	Near Round Butte Reservoir
Sec. 24, T. 12 S., R. 11 E.; Tax Lot 3902, 40.00 acres SE 1/4, NW 1/4; excluding E 1/2 of E ½	Near Round Butte Reservoir
Sec. 24, T. 12 S., R. 12 E.; Tax Lot 3903, 40.00 acres SW 1/4 of NW ¼	Near Round Butte Reservoir
Sec. 24, T. 12 S., R. 11 E., Tax Lot 3900, 160.00 acres SW ¼	Near Round butte Reservoir
Sec. 25, T. 12 S., R. 11 E., Tax Lot 3900, 40.00 acres NE 1/4 of NW ¼	Near Round Butte Reservoir
Sec. 26, T. 12 S., R. 11 E., Tax Lot 4900, 119.27 acres N 1/2 of SW 1/4 and SW 1/4 of SW ¼	Near Round Butte Reservoir
Sec. 27, T. 12 S., R. 11 E.; Tax Lot 5300, 157.43 acres E 1/2 of SW 1/4; S 1/2 of SE ¼	Near Round Butte Reservoir
Sec. 32, T. 12 S., R. 11 E.; Tax Lot 5800, 640.00 acres All Sec. 23	Near Round Butte Reservoir
Sec. 33, T. 12 S., R. 11 E.; Tax Lot 5800, 630.20 acres All Sec. 33	Near Round Butte Reservoir
Sec. 34, T. 12 S., R. 11 E.; Part of Tax Lots 5800 and 6200, 240.00 acres S 1/2 of NW 1/4, NW 1/4 of SW 1/4, N 1/2 of SE 1/4, and SE 1/4 of SE ¼	Near Round Butte Reservoir
Sec. 35, T. 12 S., R. 11 E.; Part of Tax Lots 6200 and 6400, 120.00 acres NW 1/4 of NE 1/4, NE 1/4 of NW 1/4, and SW 1/4 of SW ¼	Near Round Butte Reservoir
Sec. 2, T. 12 S., R. 12 E.; portion of W 1/2 of Sec. 2, 89.00 acres	Near Crooked River, 9 miles southwest of Madras
Sec. 4, 5, 9, and 10; T. 12 S., R. 12 E.; 1,020 acres	Between the Deschutes and Metolius Rivers about 10 miles from Madras
Sec. 10, T. 12 S., R. 12 E.; portion of SE 1/4 of SE 1/4, 1.00 acre	
Sec. 10, T. 12 S., R. 12 E.; portion of SW 1/4 of NE 1/4, 7.90 acres	Near Deschutes River, 9-1/2 miles southwest of Madras
Sec. 11, T. 12 S., R. 12 E.; portion of NW 1/4 of Sec. 11, 66.10 acres	Near Crooked River, 9 miles southwest of Madras
Sec. 11, T. 12 S., R. 12 E.; portion of SE 1/4 of SW 1/4, 29.50 acres	Crooked River, 9 miles southwest of Madras
Sec. 16, T. 12 S., R. 12 E.; portion of E 1/2 and SE 1/4 of SW 1/4, 63.60 acres	Near Deschutes River, 10-1/2 miles southwest of Madras
Sec. 19, T. 12 S., R. 12 E.; Tax Lot 400, 9.36 acres NW 1/4 Lot 1 of Sect. 19	Near Round Butte Reservoir

CLACKAMAS COUNTY	
Description	Location
Sec. 19, T. 12 S., R. 12 E.; Tax Lot 500, 9.59 acres N 1/2, S 1/4 of Lot 1, Sec. 19	Near Round Butte Reservoir
Sec. 19, T. 12 S., R. 12 E.; Tax Lot 302, 9.55 acres NE 1/4, NE 1/4 of NW ¼	Near Round Butte Reservoir
Sec. 20, T. 12 S., R. 12 E.; Tax Lot 700, 25.00 acres NW 1/4 of SW 1/4 excluding NW 1/4, NW 1/4 of SW 1/4 and N 1/2, SW 1/4, NW 1/4 of SW 1/4	Near Round Butte Reservoir
Sec. 20, T. 12 S., R. 12 E.; Tax Lot 800, 10.00 acres NW 1/4, NW 1/4 of SW ¼	Near Round Butte Reservoir
Sec. 31, T. 12 S., R. 12 E.; Tax Lot 200, 40.00 acres NE 1/4 of NW ¼	Near Round Butte Reservoir
Sec. 31, T. 12 S., R. 12 E.; Tax Lot 600, 10.17 acres N 1/2 of S 1/2 of Gov. Lot 2, Sec. 31	Near Round Butte Reservoir
Sec. 31, T. 12 S., R. 12 E.; Tax Lot 700, 10.17 acres S 1/2 of S 1/2 of Gov. Lot 2, Sec. 31	Near Round Butte Reservoir
Sec. 1, T. 13 S., R. 11 E., Part of Tax Lots 500 and 600, 280.00 acres S 1/2 of NW 1/4, SW 1/4 of NE 1/4 and E 1/2 SE 1/4 NW ¼	Near Round Butte Reservoir
Sec. 1, T. 13 S., R. 11 E.; Tax Lot 900, 8.78 acres NW 1/4 of Lot 3, Section 1, T. 13 S., R. 11 E.	Near Round Butte Reservoir
Sec. 1, T. 13 S., R. 11 E.; Tax Lot 400, 160 acres	Near Round Butte Reservoir
Sec. 1, T. 13 S., R. 11 E., Tax Lot 100, 80 acres SE 1/4 of NE 1/4, E 1/2 of SE ¼	Near Round Butte Reservoir
Sec. 2, T. 13 S., R. 11 E., Gov. Lots 3 and 4; Part of Tax Lot 1500, 65.55 acres	Near Round Butte Reservoir
Sec. 3, T. 13 S., R. 11 E., Gov. Lots 1, 3, and 4, and 80 additional acres; Part of Tax Lot 1500 and all of 1800, total acreage 174.02 SE 1/4 of NE 1/4 and NE 1/4 of SE 1/4	Near Round Butte Reservoir
Sec. 4, T. 13 S., R. 11 E., Gov. Lots 3 and 4, and 454.03 acres S 1/2 of N 1/2, N 1/2 of S 1/2 and S 1/2 of SW ¼	Near Round Butte Reservoir
Sec. 5, T. 13 S., R. 11 E., Gov. Lot 4; Tax Lot 2300, 31.43 acres	Near Round Butte Reservoir
Sec. 6, T. 13 S., R. 11 E., Lot 1, Sec. 6; Tax Lot 2500, 32.48 acres	Near Round Butte Reservoir
Sec. 12, T. 13 S., R. 11 E., Part of Tax Lot 100 40 acres NE 1/4 of NE ¼	Near Round Butte Reservoir

CLACKAMAS COUNTY	
Description	Location
Sec. 12, T. 13 S., R. 11 E., Tax Lot 400, 280.00 acres N 1/2 except NE 1/4 of NE ¼	Near Round Butte Reservoir
KLAMATH COUNTY	
Description	Location
Rectangular parcel, 546 feet x 140 feet, in SW 1/4 of SE 1/4 of Sec. 17, T. 41 S., R. 13 E., 1.75 acres	4-1/2 miles east and 1/2 mile south of Malin
LAKE COUNTY	
Description	Location
Rectangular parcel, 6.78 acres, SE 1/4 of NE 1/4 and NE 1/4 of SE 1/4 of Sec. 10; T. 27 S., R. 15 E.	6 miles+ east and 8.5 miles+ north of Silver Lake
MARION COUNTY	
Description	Location
Sec. 4, T. 4 S., R. 1 W.; one parcel, 0.51 acres	Near County Road 426 and Burlington Northern Railroad
Aurora – Hurst's Addition to Aurora: Lot 3, Block 4, 0.15+ acre	Main Street north of Southern Pacific Co. track
SE 1/4 of Sec. 5, T. 5 S., R. 1 W.; 500- x 231-foot parcel, 2.25 acres	1-1/2 miles northerly of Woodburn on Market Road 70 (Woodburn-Hubbard Road)
Sec. 8, T. 5 S., R. 1 W., Lot 6, Block 1, Tax Lot 1800, Walilale Homes Tract; and Tax Lots 1600 and 1700, 3 parcels, 5.93 acres total	North side of Woodburn-Silverton Highway, Woodburn
Sec. 17, T. 5 S., R. 1 W., WM; 1 parcel, 1.27 acres	1/4 mile east of Woodburn on Woodburn-Silverton Road
Sec. 27, T. 5 S., R. 1 W., WM; 1 parcel, 44.60 acres	2-3/4 miles northeast of Mt. Angel on Route 214
Andrew LaChapelle D.L.C., 1.93 acres in Sec. 15, T. 5 S., R. 2 W. (two parcels)	County Road 518 and O. E. Railroad
Mt. Angel: 1 parcel, 229.9 x 175.3 feet, in NW 1/4 of Sec. 10, T. 6 S., R. 1 W., 1.13 acres	Park Avenue and Garfield Street
Mt. Angel: 1 parcel, Sec. 10, T. 6 S., R. 1 W., Tax Lot 4400	Leo Street, South of College St., Tax Parcel R101016, Mt. Angel
Silverton: In Sec. 34, T. 6 S., R. 1 W., 0.85 acre	James Avenue and McClaine Street
Sec. 6, T. 6 S., R. 2 W.; 1 parcel, 3.83 acres, Tax Lot 1600	On O. E. right-of-way and Waconda Road at Waconda

CLACKAMAS COUNTY	
Description	Location
Sec. 31, T. 6 S., R. 2 W., and Sec. 6, T. 7 S., R. 2 W.; 1 parcel, 32.40 acres	Kale Street and Highway 99W
Sec. 36, T. 6 S., R. 3 W., in NE 1/4 of NW 1/4; parcel 200 x 951 feet, 4.36+ acres	County Road 616 and O. E. Railroad just south of BPA Chemawa Substation site
Joseph H. Foss D.L.C. No. 62 in Sec. 14, T. 7 S., R. 2 W.; parcel 280 x 420 feet, 2.70 acres	1 mile west of Pratum along Salem-Pratum Road and 1,000 feet south of road along BPA right-of-way
Parcel of 3.256 acres adjoining Middle Grove Tracts	On south line Market Road 26 and east line of McCain Avenue vacated
Sec. 28 and 29, T. 7 S., R. 2 W. (two parcels), 38.583 acres	On Geer Station Road, 2-3/4 miles west of Geer
Sec. 28, T. 7 S., R. 2 W., in SW 1/4; parcel of 6.09 acres	Southern Pacific right-of-way and Fruitland Road, 3/4 mile east of West Salem Substation
Sec. 29, T. 7 S., R. 2 W.; 1 parcel 18.74+ acres	Northwest of Bethel Substation site on north side of Southern Pacific Co. right-of-way
Sec. 29, T. 7 S., R. 2 W.; 1 parcel 37.47+ acres	West of and adjacent to Bethel Substation site
Sec. 28, T. 7 S., R. 2 W.; 2 parcels 11.40+ acres total	Northeast of Bethel Substation site on north side of Southern Pacific Co. right-of-way and east side of Hampden Lane
Sec. 29, T. 7 S., R. 2 W.; 1 parcel 21.45+ acres	Northeast of Bethel Substation site on north side of Southern Pacific Co. right-of-way and west side of
Sec. 29, T. 7 S., R. 2 W.; 3 parcels, 100 feet x 119 feet containing 0.27 acres each	North of Bethel Substation site on west side of Hampden Lane
M.L. Savage D.C.L. No. 80, T. 7 S., R. 3 W., 1 parcel, .073 acres	North of Bethel Substation
Four Corners Addition: Lots 3, 4, and 5, Block 5, 0.552 acre; 1 parcel, 227.6 x 99.99 feet, 0.523 acre in SE 1/4 of Sec. 30; 1 parcel, 80 x 99.99 feet, 0.184 acre in SE 1/4 of Sec. 30; 1 parcel, 99.99 x 325.60 feet, 0.749 acre in SE 1/4 of Sec. 30	On Geer Station Road at Elma Avenue
Sec. 12, T. 7 S., R. 3 W.; 1 parcel, Tax Lot 1500, 1.52 acres	25th Avenue NE and Claxter Road, Salem
All of Block 35, McClain Addition or North Salem, 1.23 acres	Bounded by N. Liberty, 4th and Jefferson Streets
Salem: Lots 5, 6, 7, and part of 8, Block 59, Salem, .985 acres	Water and Marion Streets, Salem
Salem – Evergreen Acres: 1.08 acres in Sec. 24, T. 7 S., R. 3 W.	Garden Road near Park Avenue
Salem: part of Lots 2, 3, and 4, Block 40, University Addition; 1 parcel 60.18 x 157 feet; 1 parcel, 72 x 157	Trade Street and Strand Avenue

CLACKAMAS COUNTY	
Description	Location
feet, except 15' x 85' triangle for street purposes, 0.46 acres	
Tax Lot 10500, 1267 Court St, Salem, .07 acres	1267 Court St NE, Salem
Salem: part of Mill Block, Southwest Addition, 0.6 acre	Miller Street and Fairmount Avenue
Salem: parcel approximately 557' x 505', consisting of Parcel 1, containing 5.70 acres, and Parcel 2, containing 0.78 acres, Tax Lots 1600 and 1700	22nd and Oxford Streets, Salem
Sec. 7, T. 8 S., R. 2 W., parcel 224 x 186.63, 1.01 acres	Approximately 330 feet west of intersection of county roads 835 and 56 on County Road 56
Lots 1 to 6, inclusive, Block 9, and Lots 1 to 7, Block 15, Lot 7, Block 9, Turner's Addition to Turner and all of B Street adjacent to Blocks 9 and 15, 2.60 acres	5th and B Streets, Turner
Ewald Fruit Farms: part of Lots 85 and 86, Sec. 4, T. 8 S., R. 3 W., 2.084 acres+	Liberty-Rosedale Road and Browning Avenue
Lot 14, Fairview Industrial Park - Phase II, Marion County, Oregon, 4.66 acres	At the intersection of Fairview Industrial Drive and Reed Road
Sec. 14, T. 8 S., R. 3 W., 1.21 acres, portion of Lot 27, Grabenhorst Fruit Farms No. 1, Tax Lots 3300 and 3302	Barnes Road and 99E, 2.2 miles south of Salem city limits
Sec. 14, T. 8 S., R. 3 W.; 1 parcel, .094 acres	Barnes Road and 99E, 2.2 miles south of Salem city limits
Sec. 17, T. 6 S., R. 1 E.; 1 parcel, 5.09 acres	2-1/2 miles west of Scotts Mills
Sec. 22, T. 9 S., R. 2 E., in NE 1/4; 1 parcel, 20.50 acres	2 miles southeast of Taylor Grove
Sec. 23, T. 9 S., R. 2 E., in W 1/2; 1 parcel, 20.20 acres in NW 1/4 of SE 1/4; 1 parcel, 5.70 acres	3 miles southeast of Taylor Grove
Sec. 24, T. 9 S., R. 2 E., in S 1/2; 1 parcel, 40.10 acres	4 miles southeast of Taylor Grove
Sec. 19, T. 9 S., R. 3 E., in NE 1/4 of SE 1/4; 1 parcel, 9.00 acres	1-1/2 miles northwest of Mill City
Sec. 20, T. 9 S., R. 3 E., in SE 1/4; 1 parcel, 19.60 acres	1-1/2 miles northeast of Mill City
Sec. 22, T. 9 S., R. 3 E., in N 1/2; 1 parcel, 38.95 acres	1-1/2 miles north of Gates
Mt. Angel: Sec. 10, T. 6 S., R. 1 W., 60-foot right of way, approximately 826 feet in length, 1.14 acres	Mt. Angel
Sec. 17, T. 5 S., R. 1 W., WM; 1 parcel, 3.61 acres	1/4 mile east of Woodburn on Woodburn-Silverton Road

CLACKAMAS COUNTY	
Description	Location
Bethany: Lot 8, Sec. 33, T. 6 S., R. 1 W., 0.043 acre	Salem-Silverton Highway
Sec. 12, T. 7 S., R.3W.; 1 parcel, tax lot 1400, .28 acres	2482 Claxter Rd., N.E., Salem (included rented house)
Mt. Angel: Sec. 11, T. 6 S., R. 1 W., 60 feet x 193.3 feet, .22 acres, Tax Lot 700	Formerly a right-of-way (1st Interstate)
MORROW COUNTY	
Description	Location
N. 1/2 of Sec. 3, T. 2 N., R. 24 E., WM; above elevation 677 feet, M. S. 1, 10.373 acres	Approximately 12 miles southwest of Boardman, Oregon
W. 1/2 of Sec. 4, T. 2 N., R. 24 E., WM	Approximately 11 miles southwest of Boardman, Oregon
NE 1/4 of Sec. 10, SE 1/4 of Sec. 3, SW 1/4 of Sec. 2, and NW 1/4 of Sec. 11, T. 2 N., R. 24 E., WM (Boardman Power Company)	Approximately 11 miles southwest of Boardman, Oregon
Westerly 300 feet of Sec. 35, T. 3 N., R. 24 E., WM (Boardman Power Company)	Approximately 9 miles southwest of Boardman, Oregon
Sec. 34, T. 3 N., R. 24 E., WM (Boardman Power Company)	Approximately 10 miles southwest of Boardman, Oregon
Sec. 5, T. 2 N., R. 24 E., 641.76 acres	Approximately 12 miles southwest of Boardman, Oregon
Sec. 26 and Sec. 35 (excepting westerly 300 feet), T. 3 N., R. 24 E., WM, 640.0 and 603.64 acres	Approximately 9 miles southwest of Boardman, Oregon
Barge Basin, Tax Lot 107	Columbia River near railroad bridge
MULTNOMAH COUNTY	
Description	Location
Walker's Addition: Lots 1, 2, 3, 4, 5, 6, 7, 8, 35, 36, 37, and part of Lot 34 lying north of North Columbia Blvd, City of Portland, all in Block 1, 0.6057 acres	N. Portsmouth Avenue and Columbia Boulevard
Northern Hill Addition: Lots 1 to 19, 26 to 38, Block 10, Lots 1-19 = 1.0919 acres, Lots 26-38 = 0.5519 acres	N. Lombard Street and Macrum Avenue
University Park: Lots 25 through 30, Block 174, 0.3338 acres	N. Hunt Street and Dana Avenue
Peninsular Addition No. 2 to E. Portland: Lots 14 to 20, Block 9; Peninsular Addition No. 2 to E. Portland: Lots 21 to 25, Block 9, together with W. 15 feet of vacated Winthrop Street, 0.7318 acres	N. Houghton Street and N. Curtis Avenue

CLACKAMAS COUNTY	
Description	Location
Goodmorning Addition: Lots 1 through 4, Block 4, 0.27 acre	N. Interstate Avenue and Liberty Street
Portland: Lots 27, 28, 29, and 30, Block 1 of Burrage Tract, 0.24 acres	NE Lombard Street and Delaware Avenue
Mocks Bottom: SW 1/4 of SW 1/4 of Sec. 16, T. 1 N., R. 1 E.; 1.22 acres	800 feet east of Basin Avenue and 300 feet north of Emerson Street
Sec. 19, T. 1 N., R. 1 E., Tax Lot 77, 2.31 acres	NW Yeon Avenue and St. Helens Road
Sherlock Addition: All Lots 1 and 2, 0.23 acres; Parts 3 and 4, Block 31, .05 acres	NW Front Avenue and Nicolai Street
Sherlock Addition: Lots 5 to 12 and northwesterly 60 feet adjacent of and to Block 32, 1.194 acres	NW Front Avenue and Nicolai Street
Sherlock Addition: Lot A, Lots 9 and 12, Block 25; Block 26, excepting that portion in NW Sherlock Avenue, vacated NW 21st Place, and vacated portion of NW Lumber Street; 76,233 sq. feet. (1.750± acres)	NW Sherlock Avenue and Nicolai Street
Sherlock Addition: Lots 10, 11, and B, Block 25; Lot 2, Block 29, 0.368 acres	NW 22nd Avenue and Nicolai Street
East Portland Addition: Lots 5 and 6, Block 161, City of Portland, 0.22 acres	SE 8th Avenue and Stark Street
Sec. 31, T. 1 N., R. 2 E.; Tax Lots 43, 45, 46, 47, and 48, 0.959 acre	SE 60th Avenue near Stark Street
Ramona Addition: part of Blocks 1 and 2, and vacated Stadia Street adjacent; 1.865 acres	SE 60th Avenue and Stark Street
Hazelwood: W 1/2 of Lot 42, north of east extension of south line of Wasco Street, except east 30- x 393.89-foot strip and 100-foot extension of Wasco Street; 3.48 acres	NE Halsey Street between 128th and 132nd Avenues
Parcel, Partition Plat No. 1993-46 in City of Portland, Oregon, 4.41 acres	End of NE Mason east of NE 158th Avenue
Parcel 1 & 2 of Partition Plat No. 1996-55, recorded 4/2/96 in City of Fairview; 21.04 acres	NE Marine Drive, near 223rd
250 x 300 feet = 1.15 acres in NW 1/4, Sec. 23, T. 1 N., R. 3 E.	West side of Sun Dial Road, just west of Reynolds Metals Plant
Sec. 27, T. 1 N., R. 3 E.; 1 parcel, 2.13 acres	On Arata Road, 400 feet east of Gresham-Fairview Road
Sec. 30, T. 1 N., R. 3 E., Tax Lot 17; irregular parcel, 0.99 acre	NE 181st Avenue and Halsey Street
O.W. & P. Railway right-of-way in Sec. 32, T. 1 N., R. 3 E., 10.13 acres	Just west of Birdsdale Avenue, between SE Stark and NE Halsey Streets
SEC 34, T.I.N. R. 3E; in the City of Gresham 5.5 Acres	LSI Campus

CLACKAMAS COUNTY	
Description	Location
Hayden Island: portions of Government Lots 5, 6, and 8 in Sec. 29, T. 2 N., R. 1 E., and portion of Government Lot 10 in Sec. 32, T. 2 N., R. 1 E., and portion of lands accreted thereto; 15.22 acres	Hayden Island
Hayden Island: Sec. 33, T. 2 N., R. 1 E.; part of Government Lot 7 and part of NE 1/4 of NW 1/4; 5.88 acres	Hayden Island
Part of Government Lot 7; 2.85 acres (1,033' x 120')	Hayden Island
James John Addition: NW 1/2 of Lot 2, Block 41, .12 acres	N. Chicago Avenue and Ivanhoe Street
Willbridge Addition: Lots 1, 2, 3, 4, 5, 27, 28, 29, 30, and 31, Block 8; Lots 1, 2, NE 1/2 of 3, 4, 5, 9, and 15, Block 9; Lots 1 through 9, Block 10; and Lots 13 to 16, inclusive, Block 11; City of Portland, 4.38 acres	NW Willbridge Avenue and 63rd Avenue
Burlington: Lots 11 and 12, Block 2, 0.12 acres	Columbia River Highway and Burlington Drive
Burlington: Lot 9, Block 25; Lot 6, Block 23, .011 acres	
Rivergate Industrial Park, part of Block 18, 2.90 acres	N. Marine Drive and Kelly Point Park Road
Blocks 1, 4, and 5, Lucerne; 7.10± acres	West of Columbia River Highway and Sauvie Island Bridge
Sec. 34, T. 2 N., R. 1 W., Tax Lot 16, 1.49 acres and riparian rights adjacent	Lower Columbia River Highway, north of Linnton
Sec. 34, T. 2 N., R. 1 W., Tax Lot 20, 0.14 acre	North of Linnton
Sec. 34, T. 2 N., R. 1 W., Tax Lot 10, 13.26 acres; Tax Lot 18, 64.03 acres	St. Helens Road and Harborton Drive
Sec. 34, T. 2 N., R. 1 W., Tax Lot 13, 0.45 acre	Marina Way and railroad right-of-way
Sec. 35, T. 2 N., R. 1 W., Tax Lot 10, 0.417 acre and riparian rights (accreted land, 0.940± acre)	North of Oregon Shipbuilding Corp., St. Johns
Sec. 35, T. 2 N., R. 1 W.; 14.52 acres	West of and adjacent to BPA St. Johns Substation, N. Burgard Street
Sec. 26 and 27, T. 3 N., R. 2 W., WM; parcels # and #, 32.29 acres	NW 1/4 of Sec. 26 and NE 1/4 of Sec. 27
Hanson's 2nd Addition: Lot 8, Block 13, and vacated strip adjacent, 0.14 acres	SE 29th Avenue and Stark Street
Sunnyside Addition: Lots 2, 3, 4, 5, 6, 7, 8, 10, 11, and 12, Block 23, City of Portland, 0.77 acres	SE 32nd Avenue and Belmont Street

CLACKAMAS COUNTY	
Description	Location
Stephen's Addition: Block 85, except westerly 20 feet, City of Portland, 0.83 acres	SE 7th Avenue and Harrison Street
Sec. 3, T. 1 S., R. 1 E., Tax Lot 23; 1.62 acres in SE 1/4 and riparian rights	Foot of SE Lincoln Street
Sec. 3, T. 1 S., R. 1 E., Tax Lot 33, 0.04 a	Foot of SE Harrison Street
Stephen's Addition: all of Block 20 west of P. T. Co. right-of-way; 0.73 acre	SE Water Avenue and Hawthorne Boulevard
Lots 3 and 4, Portland General Electric Station L Subdivision	Between SE 4th Avenue and Willamette River and near Caruthers and south of Grant Street
Carters Addition: Lots 1 to 8, Block 12, 1.40 acres	SW 17th Avenue between Columbia and Clay Streets
Sec. 6, T. 1 S., R. 1 E., Tax Lot 32, 1.08 acres	SW 60th Avenue and Canyon Court
Caruthers Addition: Block 146, all of Lots 1, 2, 3, 4, and part of Lots 5, 6, 7, and 8; Block 151, all of Lots 1, 2, 3, and part of Lots 4, 5, 6, 7, and 8; portion of vacated Pennoyer between Blocks 146 and 151 and west 25-foot extension, and SW Water Avenue between SW Gaines St and SW Pennoyer St, except E. 31 feet on Pennoyer St, 1.64 acres	SW Water Avenue between Gaines and Curry Streets
Kern's Addition; part of Blocks H and L	SE McLoughlin Boulevard and Taggart Street
Riverside Homestead Addition: Lot 18	SE 17th Avenue and Center Street
Feurer's Addition Extended: Lots A, B, and C	SE 17th Avenue and Rhone Street
Feurer's Addition Extended: Lots E and F	SE 17th Avenue and Bush Street
Benedictine Heights: Lots 1 to 4, Block 14	SE 17th Avenue and Center Street
Benedictine Heights: Lots 9 through 18, Block 13	SE 17th Avenue and Bush Street
Feurer's Addition Extended: Part of Lot D	SE 17th Avenue and Bush Street
Feurer's Addition: Lots 1 and 2, Block 33	SE 17th Avenue between Bush and Rhone Streets
Vacated SE Bush Street	East of SE 17th Avenue
Vacated SE Bush Street	Between SE 16th and 17th Avenues

CLACKAMAS COUNTY	
Description	Location
Spanton Addition: Lots 7, 8, 9, 10, 11, 21, 22, 23, 24, and portion of 25, all in Block 3; 0.92± acre	SE 24th Avenue near Holgate Boulevard
Feurer's Addition: Lots 1-8, Block 19, Lots 1-4, Block 20, Lots 1-4, Block 21, Lots 2-8, Block 22, 3.19 acres	SE 18th Avenue and Lafayette Street
Sec. 14, T. 1 S., R. 1 E., 0.799-acre right-of-way between Tax Lots 11 and 12 in NW ¼	Near SE Milwaukie Avenue and Long Street
Sec. 14, T. 1 S., R. 1 E., 2.86-acre right-of-way between Tax Lots 13 and 65	Near SE Milwaukie Avenue and Mitchell Street
Sec. 14, T. 1 S., R. 1 E., 100-foot right-of-way (2.80 acres)	Near SE Milwaukie Avenue and Reedway Street
C. J. Reed Tract: part of Lots 1, 2, 3, 4, 5, 6, 8, and 10, Block 3, portions of vacated streets; 0.77 acre, portion of 100-foot right-of-way	Near SE Milwaukie Avenue and Ramona Street
P. J. Martin Tract: part of Block 32, all of Blocks 34 and 35; part of Lots 1, 2, 3, and 4, Block 36; part of Lots 4 and 8, Block 30; part of Lot 4 and part of Lots 1, 2, and 7, Block 31; part of Lots 3 and 4, Block 19; portions of vacated streets; riparian rights adjacent; 4.57 acres (part of Tax Lot 94 and 100-foot right-of-way)	Near SE Milwaukie Avenue and Ramona Street
Slavin's Addition: Lot 1, Block 11, Sec. 16, T. 1 S., R. 1 E., WM, 0.671 acres	SW 19th Avenue and Seymour Street
Fairvale Addition: part of Tract A, 2.56 acres	SW Beaverton Highway and 45th Avenue
Wildwood Addition: part of Block A; Lots 1, 2, 11, and 12, Block 2 and vacated SW 34th Avenue, adjacent, 0.59 acres	SW 34th Avenue and Falcon Street, Multnomah, Oregon
Fulton Addition: part of Block 4, 2.02 acres	Southeast corner of SW Taylors Ferry Road and Virginia Avenue
Sellwood Addition: part of Block 21, 0.29 acres	SE Grand Avenue and Clatsop Street
Sellwood Addition: part of Lot 2, Lots 3 to 8, Block 23, 0.715 acres	SE Grand Avenue and Marion Street
Sellwood Addition: Lots 1 through 12, Block Q, and vacated SE 14th Avenue	SE 13th Avenue and Ochoco Street
Sellwood Addition: Lots 1 through 12, Block R, and vacated SE 14th Avenue	SE 15th Avenue and Ochoco Street
Sellwood Addition: Lots 1, 2, 3, 4, and 5, Block S	SE 15th Avenue, north of Ochoco Street
Pasadena: Lots 13 and 20, part of Lots 14, 18, 19, and south 15 feet of Lots 12 and 21, all in Block 15, excepting portions in Baldock Freeway (0.459 acre)	SW 65th Avenue and Baldock Freeway

CLACKAMAS COUNTY	
Description	Location
Sec. 4, T. 1 S., R. 2 E.; 2 parcels (97,473 sq ft; 10,886 sq ft), 2.49 acres	SE 96th Drive and Caruthers Street
Sec. 6, T. 1 S., R. 2 E., 0.27 acre	SE Stark Street near 49th Avenue
Sec. 8, T. 1 S., R. 2 E., 1.17 acres	SE 80th Avenue and Holgate Boulevard
Sec. 11, T. 1 S., R. 2 E., 1.241-acre parcel in NE 1/4, Tax Lot 9700	SE 138th Avenue and Division Street
Sec. 11, T. 1 S., R. 2 E., 0.04- and 0.05-acre parcels in NE 1/4, Tax Lots 900 and 1000, respectively	SE 136th Avenue, 427 feet south of Division Street
NE 1/4, SW 1/4, Sec. 14, part of Tax Lot 18, 0.66 acre	East side of SE 128th Avenue north of Foster Road
NE 1/4, SW 1/4, Sec. 14; 1 parcel, 135 feet x 300 feet, containing 0.93 acres	Adjacent to and north of Ramapo Substation
NE 1/4, SW 1/4, Sec. 14; 1 parcel, 83.49 x 135 feet, 0.26 acre	Adjacent to and east of north parcel, Ramapo Substation
Sec. 14, T. 1 S., R. 2 E., 1 parcel, Tax Lot 2900, 0.51 acre	Between Linneman and Harrison Substations
McKinley Park Addition: all of Block 13 except strips taken for road purposes, 1.30 acres	SE Foster Road near 102nd Avenue
Overton Park: Lot 6, subdivision of Tract "C", 0.891± acre	South side of SE Long Street at 53rd Avenue
Overton Park: west 45 feet of Lot 9, subdivision of Tract "C", 0.20 acre	North of S. E. Schiller Street at 53rd Avenue
Sec. 5, T. 1 S., R. 3 E., Tax Lots 300, 600, 700, 1100, 1400, 1500, 1700, and 1800 (6.46 acres)	E. Burnside Street to SE Stark Street west of Birdsdale Avenue
Sec. 6, T. 1 S., R. 3 E., Tax Lot 183 (0.75 acre) and Tax Lot 189 (0.30 acre)	SE 174th Avenue and Division Street
Sec. 8, T. 1 S., R. 3 E., Tax Lot 90, 39.58 acres	SE 190th Avenue and Powell Valley Road
Sec. 8, T. 1 S., R. 3 E., 0.37-acre parcel in SE 1/4 of SW ¼	West side of Powell, 800 feet north of 190th Avenue and Powell
Sec. 8, T. 1 S., R. 3 E., 4 parcels, Tax Lots 1400, 1500, 1600, and 1700, 33.88 acres	SE 190th Avenue and Powell Valley Road
Gresham: Sec. 10, T. 1 S., R. 3 E., NE 1/4, 10.23 acres, including a 20' x 433' strip fronting on Cleveland Avenue	Hogan Road, north of Mt. Hood Railway
Gresham: portions of Lots 12 and 13, Block 1, Bristol, 7,338 sq ft	South of NE 8th Avenue

CLACKAMAS COUNTY	
Description	Location
Gresham: Sec. 10, T. 1 S., R. 3 E., NE 1/4, 5.49 acres	West of Hogan Road and south of Mt. Hood Railway
Gresham: Lots 5, 8, 9, and 10, Block 1, "Mount Hood addition to Gresham", 0.53 acres	NE 4th Street and Roberts Avenue, Gresham, Oregon
Mt. Hood Railway right-of-way: 0.43 acre, SE 1/4 of Sec. 11, T. 1 S., R. 3 E.	At and near intersection of Mt. Hood Loop Highway with Powell Valley Road
Mt. Hood Railway right-of-way: 2 parcels of 0.58 acre and 0.86 acre in NE 1/4, Sec. 14, T. 1 S., R. 3 E.	Mt. Hood Loop Highway, northeast side near Palmquist Road
Sec. 17, T. 1 S., R. 3 E., 1 parcels, 1.12 acres	SE 190th and Powell Valley Road
Sec. 18, T. 1 S., R. 3 E., 1 parcel, Tax Lot 1900, 1.12 acres	Linnemann to Harrison Substation
Sec. 4, T. 1 S., R. 4 E., 0.54-acre parcel	Intersection of County Roads 491 and 755
Sec. 15, T. 1 S., R. 4 E., 5.20-acre parcel, part of Tax Lot 6	On Hosner Road adjacent to Oxbow Park
Proctor: East 300 feet of Lot 2, Block 13, 1.10 acres	On Dodge Park Boulevard at Altman Road
Sec. 21, T. 1 S., R. 4 E., WM; 1 parcel, 86 x 460 feet, 0.91 acre	On Dodge Park Boulevard at Altman Road
Sec. 33, T. 1 N., R. 2 E.; 1 parcel, 0.071 acre	NE 90th Avenue and Glisan Street
James John Addition: SE 1/2, Lot 2, Block 41; 0.115 acre	N. Chicago Avenue and Ivanhoe Street
Hanson's 2nd Addition to East Portland, Lot 7, Block 13, 0.12 acres	SE 29th Avenue and Stark Street, Portland
Sunnyside Addition: Lots 1 and 9, Block 23, City of Portland, 0.15 acres	SE 32nd Avenue and Belmont Street
POLK COUNTY	
Description	Location
Sec. 32, T. 6 S., R. 3 W.; 1 parcel of approximately 5.76 acres, portion of Tax Lot 603	On Salem-Dayton Road 4 miles north of West Salem
B. Haggard D.L.C. 94, in Sec. 7, T. 6 S., R. 6 W.; parcel of 1.77± acres	One mile south of Willamina at the intersection of Mill Creek and Willamina Roads
New Grand Ronde: Sec. 12, T. 6 S., R. 8 W., in NW 1/4 of NE 1/4; parcel of 8.2± acres	County Road and South Yamhill River (adjacent to south bank)
Sec. 11, T. 7 S., R. 4 W., WM, in NE 1/4 of NE 1/4 of NW 1/4; parcel of 0.484± acres	1-1/2 miles west of junction of Gibson and Eagle Crest Road
Sec. 11, T. 7 S., R. 4 W., in NE 1/4 of NE 1/4 of NW 1/4; parcel of 2.102± acres	1-1/2 miles west of junction of Gibson and Eagle Crest Roads

CLACKAMAS COUNTY	
Description	Location
WASHINGTON COUNTY	
Description	Location
Sec. 20, T. 1 N., R. 1 W., in SE 1/4 of SE 1/4; parcel containing 5.62± acres	4010 NW Kaiser Road, Portland
Isaac Butler D.L.C. 48 in SE 1/4 of Sec. 35, T. 1 N., R. 2 W., WM (two parcels), 3.545 acres; and vacated County Road 763, 0.30 acre; 3.845 acres total	1/4 mile east of Orenco at NW Quatama Road and NW 26th Avenue
Sec. 13, T. 1 N., R. 3 W., Lot 64, Tongues Addition, 0.52 acre	Washington Street near N. Range Street
Johnson Estate Addition to Beaverton-Reedville acreage: 1 parcel, 1.53 acres	170th Avenue and Farmington Road
Sec. 20, T. 1 N., R. 1 W., WM; Lot containing 2.11 acres	On NW Kaiser Road near intersection of NW Laidlaw Road
Sec. 21, T. 1 N., R. 1 W., WM, in NW 1/4; 1 parcel containing .23 acre	On west 1/2 of a tract of land known as Claim No. 49
Sec. 32, T. 1 N., R. 1 W.; 1 parcel, 1.97 acres	On Sunset Highway, 0.40 mile west of NW 158th Avenue
Sec. 14, T. 1 N., R. 2 W., Block 61, Bendemeer, 1.7376 acres	Oregon Electric Railway Company right-of-way and West Union Road
Sec. 22, T. 1 S., R. 2 W., 1 parcel, Lot 1, Oregon Technology Park, Hillsboro, 10.65 acres	North of NE Evergreen Road and east of NW 235th Avenue in Hillsboro
Lot 7, Oregon Technology Park No. 2, 7.61 acres	Corner of NW Bennett and NW 235th
Section 22, T. 1 N., R. 2 W. WM-IN Alexander Zachary DLC No. 52, .74 acres	Near Hwy 47, 2 miles from BPA Keeler
Powers Subdivision: portion of Tract 4, 1.89 acres	NE 24th Avenue and Oregon Electric Railway Company right-of-way, Hillsboro
Elam Young D.L.C. 45 and David Belknap D.L.C. 43, NE 1/4 of Sec. 33, T. 1 N., R. 2 W.; Tax Lots 101 and 401, containing 2.689 acres	East of County Fairgrounds, north of W. Baseline Road
Isaac Butler D.L.C. 48 in SE 1/4 of Sec. 35, T. 1 N., R. 2 W., WM; 3.64 acres total	1/4 mile east of Orenco at N. W. Quatama Road and NW 216th Avenue
North Plains - Paine Tract: part of Lots 1 and 2, 1.23 acres	Northwest corner of Glencoe-Shadybrook Road and West Union Road
Sec. 34, T. 1 N., R. 3 W.; 1 parcel, Tax Lot 100, 2.85 acres	N. 19th Avenue, Cornelius, between S.P.& S. and Tualatin Valley Highway
Hillsboro: 1 tract containing 6 parcels in Sec. 36, T. 1 N., R. 3 W.; 3.45 acres	Between Washington and Main Streets near N. Range Street
Sec. 6, T. 1 N., R. 4 W., 0.09 acre in SW 1/4 of NE ¼	Gales Creek Highway, north of Gales Creek

CLACKAMAS COUNTY	
Description	Location
Banks: Sec. 31, T. 2 N., R. 3 W.; parcel of 1.480± acres in SW 1/4 of SW ¼	East of State Highway 102 on Wilkesboro Road
Sec. 2, T. 1 S., R. 1 W., 1.54 acres; parcel in SE ¼	On Sunset Highway near junction of Barnes Road
St. Marys: 2.489± acres .6469 and 50-feet access road in Sec. 5 and 8, T. 1 S., R. 1 W.	Northeast corner of intersection of BPA right-of-way with Oregon Electric Railway Company right-of-way
Sec. 5 and 8, T. 1 S., R. 1 W.; 1 parcel containing 9.546 acres, Tax Lot 501	Merlo Road, Oregon Electric Railway Company right-of-way, and BPA line
Sec. 8, T. 1 S., R. 1 W.; 1 parcel containing 9.546 acres, Part of Tax Lot 501, south of SW Millikan and north of TV Highway	BPA right-of-way and Tualatin Valley Highway (property split by SW Millikan Way)
Sec. 5, T. 1 S., R. 1 W.; 1 parcel in SW 1/4, 24.79 acres, Tax Lot 400	Merlo Road and Oregon Electric Railway Company right-of-way
Sec. 8, T. 1 S., R. 1 W.; 1 parcel containing 0.40 acre, Tax Lot 300	Merlo Road and Oregon Electric Railway Company right-of-way
Sec. 9, T. 1 S., R. 1 W.; 2 parcels, 0.60 acre and 0.46 acre, 1.06 in total	SW Millikan Way and SW 141st Avenue
Sec. 13, T. 1 S., R. 1 W.; 0.56-acre parcel in NE ¼	SW 70th Avenue, south of Scholls Ferry Road and Beaverton Highway intersection
All of Lots 1, 2, 3, 4; Lot 5, except north 10 feet, Block 9, George and Rosina Mazzie's amended plat of Pleasant Home Addition to Beaverton, and east 15 feet of vacated Filbert Avenue adjacent to Block 9, except north 10 feet, 3.21 acres	3rd Street and Filbert Avenue, Beaverton
Lots 7, 8, 9, 10, 11, 12, 13, and 14, Albino Addition; and 1/2 of vacated Albert Street adjacent to Lots 7, 9, 10, 11, and S. 1/2 of vacated street adjacent to Lot 14, Albino Addition (acreage included above)	Albert Avenue, Beaverton
Johnson Estate Addition to Beaverton-Reedville Acreage: 110.30- x 125.00-foot portion of north 2 acres and of south 6 acres of Lot 376; 0.32 acre	SW 160th Avenue and SW Division Street
Johnson Estate Addition to Beaverton-Reedville Acreage: part of Lots 312 and 313; 4.20 acres	East of SW 160th Avenue and north of Farmington Road
Johnson Estate Addition to Beaverton-Reedville Acreage: 1 parcel, 1.27 acres	170th Avenue and Farmington Road
Sec. 22, T. 1 S., R. 1 W.; 1 parcel, 2.76 acres	Denny Road and Southern Pacific Co. Railroad
Garden Home, Owens Subdivision: Lots 5, 6, 7, 8, 13, 14, 15, and 16, Block 1; portion of Lots 6, 7, and 13, Block 2. Owens Subdivision: Portion of Lot 4 and portion of abandoned Oregon Electric Railway Company right-of-way, Garden Home 1.11 acres	Railroad Street and Central Avenue, Garden Home

CLACKAMAS COUNTY	
Description	Location
Little Fruit Farms: all of Lot 4 west of BPA right-of-way, 2.05 acres	1/2 mile south of Hart Road and west of BPA right-of-way
Sec. 32, T. 1 S., R. 1 W., WM; 1 parcel, 5.07 acres	SW 145th Avenue and Old Scholls Ferry Road
Sec. 35, T. 1 S., R. 1 W., WM; 1 parcel, 2.10 acres	0.3 mile south of Progress on Southern Pacific Co. right-of-way
Sec. 36, T. 1 S., R. 1 W.; 6.49± acres in NE 1/4	SW 65th Avenue and Pacific Highway, West
Sec. 36, T. 1 S., R. 1 W.; 1 parcel, 91 x 91 links, 3,607 square feet	SW 65th Avenue and Pacific Highway, West
Sec. 10, T. 1 S., R. 1 W.; Lots 14 and 15, Roseway Industrial Park, 3.98 acres	SW 234th and T-V Highway
Beaverton-Reedville Acreage: part of Lots 94, 95, and 96, and all of 97 and 98, containing 2.28 acres	SW 209th Avenue and SW Blanton Street
Sec. 31, T. 1 S., R. 2 W.; 1 parcel, 2.084 acres	1.80 miles northeast of Laurel, at intersection of Bald Peak Road and State Highway 219
Sec. 17 and 18, T. 1 S., R. 3 W., WM; parcel of 5.807± acres	2-1/2 miles south of Forest Grove near junction of Fernhill and Blooming Fernhill Roads
Sec. 27, T. 1 S., R. 4 W.; parcel in NE 1/4 of NE 1/4, 0.68 acre	Near the junction of Scoggin Valley Road and Tualatin Valley Highway
Tigard, North Tigardville Addition: part of Lot 13, Sec. 2, T. 2 S., R. 1 W., WM; 1.136 acres	Johnson Avenue and Grant Street
Handy Acres: east 130.06 feet of Lot 15, 1.90 acres	SW Fern Street and BPA right-of-way
Sec. 9, T. 2 S., R. 1 W.; 3.90 acres	On SW Bull Mountain Road, 5/8 mile west of 133rd Avenue
Sec. 15, T. 2 S., R. 1 W.; 1 parcel, 2.20 acres	South of Fischer Road west of Pacific Highway
Sec. 24, T. 2 S., R. 1 W.; City of Tualatin, Tax Lot 600, Part of Lot 6, Warm Springs Business Center, 2.62 acres	7800 SW Mohawk, Tualatin, Oregon
Sec. 27, T. 2 S., R. 1 W.; one parcel, 2.52 acres	SW 105th and Avery, Tualatin
Sec. 28, T. 2 S., R. 1 W.; 1 parcel, 0.30 acre	Southeast of junction of Tualatin- Sherwood and Rock Creek Roads
Sec. 29, T. 2 S., R. 1 W.; parcel in SW 1/4 of NW 1/4, 1.92± acres	North side of Pacific Highway, west at Six Corners
Sec. 29, T. 2 S., R. 1 W.; parcel in NE 1/4 of NW 1/4, 74.61+ acres	East side of Pacific Highway, west at Six Corners
YAMHILL COUNTY	

CLACKAMAS COUNTY	
Description	Location
Description	Location
Sec. 15 and 16, T. 2 S., R. 3 W.; parcel of 1.47 acres	Bald Peak Road, Bald Peak State Park
Sec. 5, T. 3 S., R. 2 W.; parcel of 0.011 acre	On County Road 62, 3,400 feet east of State Secondary Highway 140 (Hwy 219)
Sec. 16, T. 3 S., R. 2 W.; Tax Lot 1200 (R3221BB01200), 4 parcels, total 5.64 acres	3/4 mile east of Newberg, south of Pacific Highway, on Newberg-Wilsonville Road
Newberg: Joseph B. Rogers D.L.C. 55; parcel 205 x 247 feet, 1.16 acres	501 E. 4th St., Newburg, OR 97132
Richard Everest, D.L.C, Tax Lot 2101, 3.3 acres	
Robert Merchant D.L.C., SW 1/4, Sec. 10, T. 3 S., R. 4 W.; parcel of 0.748 acre	County Road, southwesterly of Yamhill-Carlton Highway
Dayton: 2.29 acres in Sec. 19, T. 4 S., R. 3 W.	Intersection of Dayton-McMinnville Road and Lafayette-Hopewell Road
Unionvale: parcel in N 1/2 of Sec. 21, T. 5 S., R. 3 W., WM, Tax Lot 2300, 240 x 167 feet, and Tax Lot 2400, .915 acres	On Amity county road, west of Salem- Dayton Highway
John T. Jefferies D.L.C. in NW 1/4 of Sec. 30, T. 5 S., R. 4 W.; parcel of 3.89 acres	On State Highway 153, east of Southern Pacific Co.
Sheridan: Sec. 35, T. 5 S., R. 6 W., 0.840 acre	County road and Railroad Street
Sheridan: Sec. 35, T. 5 S., R. 6 W., 0.229 acre	County road at end of Harrison Street
Sheridan: Sec. 35, T. 5 S., R. 6 W., 1.02 acre	County road at end of Harrison Street
Sheridan: Sec. 35, T. 5 S., R. 6 W., 0.271 acre	County road at end of Railroad Street
Spencer C. Foster D.L.C., Sec. 2, T. 6 S., R. 6 W.; parcel of 1.0 acre	1-1/2 miles south of Sheridan on County Road 24

STATE OF WASHINGTON

COWLITZ COUNTY	
Description	Location
Tract of land in NE 1/4 of Sec. 9, T. 8 N., R. 4 W., WM	Part of easement for KB Pipeline
Tract of land in W 1/2 of W 1/2 of Sec. 36, T. 9 N. R. 2 W., WM	North of Kelso, Washington

Tract of land in Sec. 3, T. 8 N. R. 4 W., WM; Tax Lots T-5A1, T-1B1 and T-1C1, N. 30 feet of Willard Walker tracts	Part of KB Pipeline

Property Co-Owned by the Company and Third Parties

OREGON

1. Trojan Nuclear Facility, Columbia County ~ Co-Owned with Pacific Power and Light Company (now PacifiCorp) and the City of Eugene, Oregon.

2. Boardman Coal Plant, Morrow County, Oregon ~ Co-Owned with Pacific Northwest Generating Company and Idaho Power Company.

3. Pelton/Round Butte, Jefferson County, Oregon ~ Co-Owned with Confederated Tribes of Warm Springs

4. Grizzly Substation, Jefferson County, Oregon ~ Co-Owned with Bonneville Power Administration.

5. Malin Substation, Klamath County, Oregon ~ Co-Owned with Bonneville Power Administration

MONTANA

1. Colstrip ~ Numerous Parcels (Residential home lots) located in the City of Colstrip, Rosebud County, Montana. Co-Owned with Colstrip Comm Serv, LLC; Puget Sound Energy, Inc.; The Montana Power Company; Pacificorp (dba in Montana as Pacific Power & Light Company; and Avista Corporation.

2. Colstrip Generating Facility located in Rosebud County, Montana, Co-Owned with Colstrip Comm Serv, LLC; Puget Sound Energy, Inc.; The Montana Power Company; Pacificorp (dba in Montana as Pacific Power & Light Company; and Avista Corporation.

WASHINGTON

1. KB Pipeline ~ located in Cowlitz County, Washington. Natural Gas Pipeline (approximately 17 miles) located in Cowlitz County, Washington and Columbia County, Oregon. Co-Owned with KB Pipeline Company, a subsidiary of Northwest Natural Gas Company.

Non-Fee Real Property Interests

The Company has non-fee interests in real property including, without limitation, easements, licenses, permits of entry, and the like.

Schedule 4.22(a)(ii) Leased Property

1. Lease between Southcenter I & II, LLC and the Company dated 1986 and relating to the Customer Support Services Office

2. Lease between Southcenter I & II, LLC and the Company dated 1986 and relating to the Energy Resource Center.

3. Lease between Alpha Limited Partnership and the Company dated 1992 and relating to the Fleet Maintenance Management Center (aka Major Maintenance Center).

4. Lease between Portland Development Commission and the Company dated July 1, 2001 and relating to the Hawthorne Parking area.

5. Lease between Union Pacific Railroad and the Company dated 1963 and relating to the Hawthorne Parking area.

6. Lease between Shute Park Plaza Partnership, LLC and the Company dated September 1, 1993 and relating to the Hillsboro Customer Service Office.

7. Lease between Gulsons, a Hawaii General Partnership and the Company dated May 15, 1991 and relating to the Investment Recovery Building.

8. Lease between Pacific Realty Associates, LP and the Company dated January 15, 2001 and relating to the National Earth Advantage Center (aka Earth Advantage National Center).

9. Lease between William W. Saunders, Trustee and the Company dated February 1, 1998 and relating to the Tigard Customer Service Office.

10. Lease between American Real Estate Holdings Limited Partnership (successor in interest to American Property Investors VIII) and 121 SW Salmon Street Corporation dated December 5, 1997 and Sublease of same date between 121 SW Salmon Street Corporation and the Company. Relating to the World Trade Center Complex.

11. Ground Lease between the Port of Morrow and the Company dated August 9, 1993 relating to the Coyote Springs Generating Facility.

12. Port Westward, Columbia County, Oregon, the Company is successor in interest to Lessee's interest in that certain Lease Agreement, dated August 1, 1967, by and between The Port of St. Helens Lease and Westward Properties, Inc., a California Corporation

Schedule 4.22(a)(iii) Property Leased/Occupied by Third Parties

Commercial Tenants at World Trade Center

1. Office Lease Agreement between the Company and Advanced Legal Systems dated May 23, 2002.

2. Storage Lease Agreement between the Company and Advanced Legal Systems dated November 21, 2002.

3. Commercial Lease between the Company and Paul S. Lee and Kyeong H. Lee dba Anne's dated December 7, 2002.

4. Office Lease between the Company and The Associated Press dated April 1, 2003.

5. Automated Teller Machine Facility Lease between the Company and Bank of America Oregon dated June 30, 1995 and as amended.

6. Lease between the Company and Bartoloni and Abbott dated September 1, 2001.

7. Office Lease between the Company and Corporate Translation Services, Inc. dated December 1, 1999 and as amended.

8. Commercial Lease between the Company and Edison Bee (Cleaners) dated September 18, 1998 and as amended.

9. Commercial Lease between the Company and Electra Credit Union dated June 1, 1998 and as amended.

10. Office Lease between the Company and General Services Administration dated February 15, 1990 and as amended. (in default as of October 2003)

11. Standard Storage Lease between the Company and GG Telecommunications Company dated December 1, 1987.

12. Office Lease between the Company and Glass & Associates, Inc. dated April 1, 2003.

13. Office Lease between the Company and GMAC Commercial Mortgage dated July 15, 2000.

14. Office Lease between the Company and Hall Kinion & Associates, Inc. effective dated October 1, 1999. (in default as of October 2003)

15. Storage Lease between the Company and Hall Kinion & Associates, Inc. dated August 26, 2002.

16. Office Lease between the Company and Hyundai America Shipping Agency (D.N.), Inc. dated July 9, 1999 and as amended.

17. Office Lease between the Company and International Sustainable Development Foundation dated August 8, 2000 and as amended. (in default as of October 2003)

18. Office Lease between the Company and Klarquist Sparkman, LLP dated May 1, 2003.

19. Office Lease between the Company and The Manufacturers Insurance Company (U.S.A.) dated August 21, 1997 and as amended.

20. Commercial Lease between the Company and Daniel R. Jolley dba Me' Hair dated May 17, 1990 and as amended.

21. Office Lease between the Company and Murray, Smith & Associates, Inc. dated February 22, 1993 and as amended.

22. Office Lease between the Company and Northwest Power Pool dated December 18, 1989 and as amended.

23. Office Lease between the Company and State of Oregon, Oregon Economic Development Department dated July 28, 2000 and as amended.

24. Office Lease between the Company and State of Oregon, Oregon Film & Video Office dated August 29, 1997 and as amended.

25. Office Lease between the Company and Pan Pacific Shipping dated October 3, 1995 and as amended.

26. Office Lease between the Company and Regus Business Centre Corp. dated September 1, 1999 and as amended. (in default as of October 2003)

27. Office Lease between the Company and Rubicon West, Inc. dated June 10, 2002.

28. Master Lease between the Company and Sprint Spectrum L.P. dated February 15, 2000.

29. Office Lease between the Company and Stanley Service Center, Inc. dated December 21, 1993 and as amended.

30. Commercial Lease between the Company and Starbucks Coffee Company dated April 15, 1997.

31. United States Senate Home State Office Lease between the Company and the Honorable Gordon Smith, U.S. Senator dated March 25, 1997 and as amended.

32. Commercial Lease between the Company and Washington Federal Savings and Loan dated February 2, 1997 and as amended.

33. Facilities Lease between the Company and Western PCS I Corp./Voice Stream/T-Mobil dated May 5, 1997 and as amended.

34. Office Lease between the Company and Kristen L. Winemiller and James G. Rice dated January 1, 2003.

Permits/Leases to Others

Description/Location	Tenant/Lessee
Swan Island Substation	Freightliner Corporation
Willbridge Substation	Ackerly Communication of the NW Inc, AK Media NW (Clear Channel)
Bethany Substation	Jan Van Wyk
Sunset Substation 23325 NW Evergreen Pkwy Hillsboro OR 97124	Master Tower
Orenco Substation 21535 NW Quatama Rd Aloha OR 97006	Master Tower
Orenco Substation	W Sabo
Hillsboro Substation 310 SW Washington St Hillsboro OR 97123	Master Tower
Hillsboro Substation	Eric Wold
Banks Substation 42311 NW Wilkesboro Rd Banks OR 97106	Master Tower
Harborton Trojan Transmission Line	Georden Corporation
Trojan site 71760 Columbia River Hwy Rainier OR 97048	Master Tower
Rainier Microwave tower	Oregon Dept of Transportation
Trojan/Prescott	Columbia County
Beaver Port Westward	Cascade Grain Products, LLC P.O. Box 252229 Federal Way WA 98093
Beaver Plant	Clatskanie Little League
Beaver Port Westward	Michael P Seely 18865 Hermo Rd Clatskanie OR 97016
St Marys West 1785 SW 158th Ave Beaverton OR 97006	Master Tower
Beaverton LCC	ENRON Communications 1400 Smith St Suite EB 460 Houston TX 77002
Beaverton Substation 11850 SW 3rd St Beaverton OR 97006	Master Tower

Description/Location	Tenant/Lessee
Huber Substation 5215 SW 170th Ave Beaverton OR 97005	AT&T Wireless Services 1600 S W Fourth Ave Portland OR 97201
Progress Substation 10185 SW Cascade Ave Tigard OR 97223	Master Tower
Progress Substation	Obie Outdoor Advertising Inc
West Portland Substation 10955 SW 65th Ave Tigard OR 97223	Master Tower
Reedville Substation 20735 SW Blanton St Aloha OR 97007	Master Tower
Durham Substation	Unified Sewerage Agency
King City Substation 10251 SW Versailles Rd Tigard OR 97224	Master Tower
Sherwood Substation	Hoffman Farms Jay Hoffman 22307 SW Munger Lane Sherwood OR 97140
Sherwood Substation	Dennis Reese 20010 SW Pacific Hwy Sherwood OR 97140
Bald Peak, Yamhill	U S Secret Service
Bald Peak, Yamhill	Bonneville Power Administration
Bald Peak, Yamhill	US Dept of Justice, FBI P.O. Box 50670 Washington DC 20091-0670
Bald Peak, Yamhill	NW Natural Gas Co Inc
Wilsonville Substation site	General Telephone
Springbrook Substation	City of Newberg
Woodburn	Rodney Allison
Monitor Substation	Fessler Farms Inc 11796 Monitor Mckee Rd Woodburn OR 97071
North Marion Substation	Donald L Marshall
St Lewis Substation	Oliver J Rondeau
Amity Substation	Milton J & Edward H Lehman
Amity Substation	City of Amity
Silverton Substation	Silver Creek Shopping Center
Waconda Substation 4300 Waconda Rd NE Salem OR 97303	Master Tower
Bethel Buffer Zone	Myron Kuenzi, Kuenzi Turf & Nursery 6500 State St Salem OR 97301

Description/Location	Tenant/Lessee
Bethel Buffer Zone	Perry M DeLapp JR 2260 105 NE Salem OR 97301 363-8672
Bethel Buffer Zone	Concerned Business
Claxter Substation	Paula Stockemer
University Substation	William W & Rachel D Balschweid
University Substation	Sarah Balschweid
University Substation	Deanne R Sullivan 312 15th St SE Salem OR 97301
University Substation	Robert & Mayme Robinson
University Substation	David Golik
W Salem Communication site/Eagle Crest Tower	FBI
W Salem Communication site/Eagle Crest Tower	King Broadcasting Co KGW - TV 8 1501 SW Jefferson Portland OR 97201
Barnes Substation 1334 Barnes Rd SE Salem OR 97306	Master Tower
Lone Fir Duplex	Rainbow Adult Living
Lone Fir Duplex	Rainbow Adult Living
Alder Court Substation	Heather Newton
Alder Court Substation	Trent L Debord & Tom Benaway
Alder Court Substation	Marcella Simon, Bo Fickel, Emile Everson
World Trade Center	K B Pipeline Co (Northwest Natural Gas)
World Trade Center	Voicestream Corp
Canyon Substation	Tri-Met
Holgate Substation 44428 SE 24th Ave Portland OR 97202	Master Tower
Healey Heights	Voicestream Corp
Glencullen Substation 4529 SW Lee St Portland OR 97221	Master Tower
Glencullen Substation	Vollstedt Enterprises, Inc 4525 SW Lee St Portland OR 97221
Glencullen Substation	Jarmer Electric Inc 5105 S W 45th Ave, Suite 200 Portland OR 97221
Multnomah Substation	David Voorhees
Sellwood Substation 8856 SE 13th Ave Portland OR 97202	Master Tower
Glencoe Substation	Portland Nursery

Description/Location	Tenant/Lessee
Lents Substation	NW Natural Gas
Lents Substation	US West, Attn: John Mortensen 700 W Mineral, Room IAC8.24 Littleton CO 80120
Lents Substation	City of Portland Bureau of Water P O Box 009 Clover Hayes, 823-7521
Arleta Substation 5316 SE Long St Portland OR 97206	Master Tower
Arleta Substation	Richard A Beamer
Mt Scott Communication site	Entercom Portland LLC 0700 S W Bancroft Portland OR 97201
Mt Scott Communication site	AT&T Wireless Services, Attn: Lease Management 2729 Prospect Park Dr Rancho Cordova CA 95670
Ruby R/W	Alexander Manufacturing Inc 802 SE 199th Ave Portland OR 97223
Ruby R/W	M & G Properties P.O. Box 766 Gresham OR 97030
Gresham Substation	Explorer Post 686, Boy Scouts of America Mrs. McPhearson 666-3690 (H), 661-7612, ext. 234 (W)
Pleasant Valley Substation 8520 SE 172nd Ave Boring OR 97009	Master Tower
Pleasant Valley Substation	Wilbur Akins Joyce Leard 8560 SE 172nd Ave Boring OR 97009
Pleasant Valley Substation	North Pacific Union Conference Assoc. Of Seventh-day Adventists, Attn: George Carambot P.O. Box 871150 Vancouver WA 98683
Pleasant Valley Substation	Sprint Spectrum Realty Co. Attn: Gary L Yount 4457 Willow Rd., Suite 202 Pleasanton, CA 94588
Island Substation 12575 SE 23rd Ave Milwaukie OR 97222	Master Tower

Description/Location	Tenant/Lessee
Oswego Substation	City of Lake Oswego
Rosemont Substation	Orthopedic Specialists, PC, Pension Fund, G T Lisac
Willamette Falls Dr	Dept of Army Real Estate Div, Portland Div DACW57-5-90-5
Sullivan Substation 4303 SE Willamette Falls Dr West Linn OR 97068	Master Tower
Willamette Falls Dr	City of West Linn Rebecca S Storey 22500 Salamo Rd #600 West Linn OR 97068
Willamette Falls	Laidlaw Transfer Services 8338 N E Alderwood Rd, Suite 175 Portland OR 97220
Willamette Falls	West Linn Paper Properties Co. Attn: Brad Mongrain, Controller 4800 Mill Street West Linn, OR 97068
Town Center Substation 8396 SE Sunnyside Rd Clackamas OR 97015	Master Tower
Harmony Substation 6005 SE Lake Rd Milwaukie OR 97222	Master Tower
Harmony Substation	Babler Bros. Inc
Carver Substation 16566 SE 130th Ave Clackamas OR 97015	Master Tower
Jennings Lodge Substation 5050 SE Jennings Ave Gladstone OR 97027	Master Tower
Willamette Falls Oregon City r/w	West Linn Paper Co (formerly Simpson Paper)
Adjacent to Roslyn Lake	Carrie A Scott
Roslyn Lake	Bull Run School District 45, Clackamas Co
Marmot Rd Sandy River	Michael D & Darlene M DuBois
West Linn	Beverly Bettlyoun
West Linn	Beverly Bettlyoun McGilvra 1187 SE 12th West Linn OR 97068
West Linn	City of West Linn Rebecca S Storey 22500 Salamo Rd #600 West Linn OR 97068
Canby Substation 23488 S Barlow Rd Canby OR 97013	Master Tower

Description/Location	Tenant/Lessee
R/W on Maple Lane south of McLoughlin Substation	Jack F & E S Cleghorn 14848 S Thayer Rd Oregon City OR 97045
R/W on Thayer Rd south of McLoughlin Substation	Stan Eck 14887 S Thayer Rd Oregon City, OR 97045
River Mill	City of Estacada
Estacada 57-kV R/W	Randy Sieger 408 SW Juniper Rd Estacada OR 97023
Estacada 57-kV R/W	John Terry & Janet Curtis 402 SW Ivy Rd Estacada OR 97023
Estacada 57-kV R/W	Janell McDonald 401 SW Ivy Rd Estacada OR 97023
Estacada Substation	Donald Fancher
Estacada 57-kV R/W	Richard Hendricks 504 SW Dogwood Rd Estacada OR 97023
Estacada 57-kV R/W	Mario Pinto & Gretty Y Narvaez 405 SW Forest Rd Estacada OR 97029
Estacada 57-kV R/W	J. Victor Sosa, P.O. Box 159 400 SW Grove Rd Estacada OR 97023
Estacada 57-kV R/W	Jannelle Vincent 406 SW Forest Rd Estacada OR 97023
Estacada 57-kV R/W	Carlos Pinto 505 S W Dogwood Rd Estacada OR 97023
Cazadero Substation	Steve Chartier dba Oregon Timber Resources P O Box 1013 Estacada OR 97023
Cazadero Substation 34311 E Faraday Rd	Bennett Tire Inc P O Box 181 Estacada OR 97023
Mulino Substation	Mulino Water District
Pelton Hydro	Ed Tarbel 6220 NW Vanora Dr Madras OR 97741
Cove Substation	Pacific Power & Light 825 NE Multnomah RM 1700 Portland OR 97232 Attn: Mgr, Property Dept

Third Parties Using the Company's Space without Formal Leases

1. **Gresham customer office.** Mt Hood Community College occupies 2500 square feet of our 7000 square foot building.

2. **Hawthorne.** Committed Partners For Youth occupies 1100 square feet of our 55,000 square foot building.

3. **CSS – Tualatin.** Oregon Heat occupies about 400 square feet of our 14,900 square foot leasehold.

4. **PSC.** EBA (Employee Beneficial Association) occupies 585 square feet of our 40,000 square foot building.

Third Parties with Facilities (non real estate) located on Property owned by the Company

1. Grand Rhonde Substation, Polk County, Oregon; Pacificorp owns some facilities on site.

2. Harrison Substation, Multnomah County, Oregon; Pacificorp owns some facilities on site.

3. McLoughlin Substation, Clackamas County, Oregon; Bonneville Power Administration owns some facilities on site.

4. Round Butte Plant, Jefferson County, Oregon; Pacificorp owns some facilities on site.

5. Sullivan Plant, Clackamas County, Oregon; Customer owns some meters on site.

6. Tektronix Substation, Clackamas County, Oregon; Customer owns some meters on site.

Schedule 4.22(b)

1. Reference is made to Section 4.3(a).

Schedule 4.23 Seller Guarantees

1. Oregon self-insurer workers' compensation bond executed in the name of Enron Corp. (USF&G/St. Paul Bond #72396-46973 in the amount of $1,055,000)

Schedule 6.2(b)(v) Retention Agreements

1. Performance of obligations existing as of the date hereof under the following agreements:

   A. Agreement with Ty Bettis

   B. Agreement with Mark Boesch

   C. Agreement with Ruth Burris

   D. Agreement with Jerry Cooper

   E. Agreement with Lansing Dusek

   F. Agreement with Joseph Eberhardt

   G. Agreement with Terry Findley

   H. Agreement with Richard Goddard

   I. Agreement with Kenneth W. Hanson

   J. Agreement with Christopher Hartman

   K. Agreement with Chris Hawkins

   L. Agreement with Mitchell Hawks

   M. Agreement with Julie Keil

   N. Agreement with Thomas Lawson

   O. Agreement with Edward Lazier

   P. Agreement with Peter Lyman

   Q. Agreement with Thomas Meek

   R. Agreement with Kristen Merritt

   S. Agreement with Kevin Nordt

   T. Agreement with Karl Oberloh

   U. Agreement with Gerald Perrin

   V. Agreement with Kenneth Purcell

   W. Agreement with Stephen Quennoz

   X. Agreement with Steven A. Schneider

Y. Agreement with Brett Sims

Z. Agreement with Steven Sundet

AA. Agreement with Randall Syverson

BB. Agreement with Joseph Taylor

CC. Agreement with Jon Vingerud

DD. Agreement with Thomas Ward

EE. Agreement with Joel Westvold

FF. Agreement with Valerie Yildirok

GG. Agreement with Howard Youngbood

2. Labor or collective bargaining agreements as permitted under Section 6.2(b)(ix). Reference is made to Schedule 4.11(a).

3. The Transfer Group Companies currently obtain certain insurance, health and welfare benefits, and 401(k) Plan services from Enron. The Transfer Group Companies are in the process of securing separate arrangements with a target date from separation no later than December 2004.

Schedule 6.2(b)(vi) Indebtedness

1. Securitization transactions as authorized by the OPUC.

2. Issuance of letters of credit under the lines of credit permitted under Section 6.2(b)(vi)(B).

3. Matters Purchaser is indemnified for under Sections 9.2(a)(v), 10.8 and 10.9.

Schedule 6.2(b)(vii) Liens

1. Liens securing the payment of Tax-Free Debt, provided that each such Lien shall extend only to the property, and proceeds thereof, being financed by the Tax-Free Debt secured thereby. For this purpose, "Tax-Free Debt" means debt of the Company to a state, territory or possession of the United States or any political subdivision thereof issued in a transaction in which such state, territory, possession or political subdivision issued obligations the interest on which is excludable from gross income pursuant to the provisions of the Internal Revenue Code of 1986, as amended, as in effect at the time of issuance of such obligations, and debt to a bank or other financial institution issuing a letter of credit with respect to the principal of or interest on such obligations.

2. The right reserved to, or vested in, any Governmental Authority by the terms of any right, power, franchise, grant, license or permit, or by any provision of Applicable Law, to purchase or recapture or designate a purchaser of any real property.

3. Liens on conservation investment assets as security for obligations incurred in financing or refinancing bondable conservation investments in accordance with Oregon law.

Schedule 6.2(b)(viii)(A) Acquisitions

1. Acquisitions permitted under Section 6.2(b)(xvii) and (xviii).

Schedule 6.2(b)(viii)(B) Dispositions

1. The Company has executed a Settlement Agreement with the major stakeholders, including the State of Oregon, the National Marine Fisheries Services, the Oregon Water Quality Board and other federal and state agencies to decommission the Bull Run project and its dams. Pursuant to the Settlement Agreement, the Company may decommission or otherwise dispose of certain portions of its Bull Run hydro project, transfer certain lands to a conservancy agency for the benefit of the people of Oregon, and transfer other portions of the project for preservation as historical sites. The Company's performance of the preceding obligations is conditioned on the Federal Energy Regulatory Commission's approval of the Company's decommissioning plan. FERC has recently issued a draft Environmental Impact Statement, in which FERC staff recommends the approval of the Company's application.

2. The Company may sell its interests in land currently leased by West Linn Paper Company under long-term ground leases.

3. The Company may sell certain line centers that have been or will be replaced by new line centers substantially similar in kind.

4. The Company may sell its interest in approximately 11.07 acres of land located near the NE corner of the intersection of Highway 99W and Tualatin Sherwood Road in Sherwood, OR (Sherwood Property).

5. The Company may sell its interest in approximately 6.63 acres of land located on the east bank of the Willamette River near the intersection of SE Water and SE Caruthers Ave in Portland, OR (Station L Property).

6. Liens permitted by Section 6.2(b)(vii).

7. Dispositions required by Applicable Law.

8. The Company may sell or transfer portions of the Trojan site to the State of Oregon or another governmental agency.

9. Portland General Resource Development, Inc. may sell its LM6000 natural gas turbine and associated generator step-up transformer.

10. On October 16, 2000, the Company, Avista Utilities, Montana Power, Nevada Power, Sierra Pacific Power and Puget Sound Energy (Puget Sound Energy having since withdrawn) filed a proposal with FERC Docket No. RT01-015-000 to form an independent for-profit transmission company which may serve six states. If the proposal and subsequent rate filings are approved the Company may transfer its transmission assets to TransConnect, LLC and receive LLC Units in exchange. On September 23, 2002, the FERC issued an Order granting in part and denying in part the TransConnect applicants' proposal. The Order addressed issues related to rates, planning and governance. The Commission did not set a hearing on TransConnect's request for innovative rate treatment but rather provided guidance on what should be included in TransConnect's final innovative rate proposal. Participating utilities have agreed to wait until there is further development of transmission policy at the Federal

government level before proceeding with any additional filings or significant financial commitment.

11. The Company may sell a portion of its Efficiency Services Group (ESG) or propose alternate business structures with parts of it. ESG operates below the line (unregulated) and provides a wide variety of services in the energy efficiency arena and in the water and sustainability areas on the West Coast. Certain outside companies continue to express interest in various aspects of this business.

Schedule 6.2(b)(x) Discharge of Obligations

1. A Transfer Group Company may convert debts or other amounts owed to it by a Subsidiary of a Transfer Group Company into additional equity in such Subsidiary.

2. Items set forth on Schedule 6.2(b)(xv).

Schedule 6.2(b)(xii) Change in Method of Accounting

1. Any change in method of accounting as may be required by Applicable Law.

Schedule 6.2(b)(xiii) Filings With or Proceedings Against Governmental Authorities

1. Subject to Section 6.2(b)(x), filings or commencing proceedings relating to matters provided in Schedule 4.12.

2. Commencing proceedings against the U.S. Department of Energy for failure to begin accepting spent nuclear fuel as required by the Nuclear Waste Policy Act of 1982.

3. Filings requested or required by subpoena, oral deposition, interrogatories, request for production of documents, or order.

4. Filings required by Applicable Law.

5. Items set forth on Schedule 6.2(b)(xv) and Schedule 6.2(b)(xvi).

Schedule 6.2(b)(xv) Tax Elections

1. Oregon environmental tax credit final application for nuclear storage casks.

2. Any Tax elections to be made on a Tax Return of the type referenced in Section 10.2(a)(i) – e.g. consolidated, combined or unitary Tax Returns – which election is not specific to a Transfer Group Company.

3. Request under Treasury Regulation 310.9100-3 for extension of time to make election under Treasury Regulation 1.468A-7.

Schedule 6.2(b)(xvi) Tax Settlements

1. Any settlement with respect to items reported on a Tax Return of the type referenced in Section 10.2(a)(i) – e.g. consolidated, combined or unitary Tax Returns.

Schedule 6.2(b)(xvii) Capital Expenditures

Capital Expenditures described in items 1-6 below (each item being cumulative of the others and not intended to limit the capital expenditures in any other item).

1. Capital expenditures in connection with emergencies, natural disasters, acts of terrorism or sabotage, or other catastrophic events outside the reasonable control of the Transfer Group Companies; and

2. Based on results of an ongoing evaluation process, the Company may invest up to $80 million in capital over the next 10 years in network metering systems; provided it obtains favorable rate and financial treatment from OPUC with respect to such investment and provided further that such no such investment shall exceed $20 million in any fiscal year; and

3. Any capital required by a Governmental Authority to relicense hydroelectric facilities; and

4. Capital expenditures not to exceed $73,000,000 previously budgeted for the fourth quarter of 2003; and

5. Capital expenditures of the Company in each of 2004 and 2005 (exclusive of allowance for funds used during construction (AFUDC), such AFUDC not to exceed $20 million annually) in an aggregate amount not to exceed $215,000,000 annually, which excludes expenditures associated with Port Westward. In each of 2004 and 2005 such capital expenditures shall not exceed the following annual sub limits (it being understood that the sub limits shall not increase the aggregate annual cap of $215,000,000):

Production	42,000,000
Transmission and Distribution	135,000,000
General and Intangible	40,000,000
Decommissioning	20,000,000

provided, further, that the amounts incurred for such capital expenditures in any single quarter in 2005 shall not exceed $100,000,000; and

6. Capital expenditures in excess of the applicable dollar limit in item 5 (A) related to the Company's proposed development of a natural gas fired generation facility adjacent to its Beaver generating plant (the "Port Westward project"), not to exceed $253,000,000 in the aggregate (including any allowance for funds used during construction for the period of construction from 2004 through 2006) or (B) if and only if the Port Westward project is not developed and no capital expenditures (other than capital expenditures not to exceed $5 million permitted under Section 6.2(b)(xvii)) are made pursuant to clause (A), in an amount not to exceed $253,000,000 in the aggregate; provided, in each case (i) such expenditure is contemplated by an Integrated Resource Plan and (ii) such Integrated Resource Plan (or any Action Plan related to such Integrated Resource Plan) has been filed by the Company and been the subject of an acknowledgment order by the OPUC.

Schedule 6.2(b)(xviii) Contracts

1. Transmission contracts with BPA.

2. Rail transportation contracts with Burlington Northern Santa Fe Railway and Union Pacific Railroad not to exceed 10 years.

Schedule 6.9(a) Surviving Intercompany Obligations

None

Schedule 6.9(b) Intercompany Accounts

The following represent amounts as of September 30, 2003		
1. Loan between the Company and PES		
As of 9/30/2003 the Portland Energy Solutions principal balance is $1,016,623.49. Accrued interest is $188,839.73		
Total for Portland Energy Solutions note as of Sept 30 is $1,205,463.22		
2. Receivables for goods and services provided by the Transfer Group Companies to Seller and its Affiliates		
PGE and Enron Corp.	71,398,103.62	Merger Receivable, included in the proof of claim
PGE and Enron Corp.	1,664,803.19	Merger Receivable interest, included in the proof of claim
PGE and Enron Corp.	13,184,105.98	Interest recorded post-bankruptcy on the Merger Receivable balance
PGE and Enron Corp.	12,354.78	Post-bankruptcy services
PGE and Enron Corp.		
PGE and Enron Corp.		
PGE and Enron Corp.	4,219,709.00	Pre-bankruptcy taxes, included in the proof of claim
PGE and Enron Corp.	96,265.00	Pre-bankruptcy taxes, included in the proof of claim
PGE and Enron Corp.	656,340.00	Pre-bankruptcy taxes, included in the proof of claim
PGE and Enron Corp.	700.00	Miscellaneous taxes
PGE and Enron Corp.	660,122.45	FICA taxes on stock option exercises. Paine Webber remitted the funds to Enron, who in turn should have remitted the funds to the Company to reimburse the Company for its payment of such FICA taxes. This will be included in the amended proof of claim.
Total	91,892,504.02	
PGE and Enron Broadband Services	56,255.71	pre-bankruptcy services (included in the proof of claim)
PGE and Enron Broadband Services	40,511.02	post-bankruptcy services
Total	96,766.73	
PGE and Enron North America	45,209.10	post-bankruptcy services
PGE and Enron North America	29,628.00	Interest on balance
PGE and Enron North America	5,092.41	recorded in error
PGE and Enron North America	22,099.91	miscellaneous
PGE and Enron North America	150,736.37	for pre-bankruptcy services (included in the proof of claim)
Total	252,765.79	
PGE and Enron Power Marketing (EPMI)	101,304.00	Post-bankruptcy December 2001 transmission invoice
PGE and Enron Power Marketing (EPMI)	56,024.00	Interest on pre and post-bankruptcy balances
PGE and Enron Power Marketing (EPMI)	175,739.00	for pre-bankruptcy transmission services (included in the proof of claim)
PGE and Enron Power Marketing (EPMI)	728,258.19	transmission services - settlement, included in the amended proof of claim
PGE and Enron Power Marketing (EPMI)	1,116,095.87	for pre-bankruptcy power and sales (included in the proof of claim)
Total	2,177,421.06	

PGE and Enron Engineering & Construction	23,214.71	for pre-bankruptcy services (included in the proof of claim)
PGE and Microclimates	100,678.82	
PGE and Portland General Holdings, Inc.	5,413,098.48	
PGE and Portland General Holdings Inc.	416.00	
Total	5,413,514.48	
PGE and Portland Energy Solutions	709,479.91	
PGE and Portland Energy Solutions	1,205,463.22	see item #2 above
Total	1,914,943.13	
PGE and PGHII, Inc.	39,500.55	
PGE and Portland General Distribution Company	869,547.25	
Integrated Solutions Inc. and Enron Corp.	70,496.00	2003 income taxes
Salmon Springs Hospitality Group Inc. and Enron North America	5,092.41	pre-bankruptcy services (included in the proof of claim)
World Trade Center NW, Inc. and Enron Corp.	131,303.00	Pre-bankruptcy taxes, included in the proof of claim
World Trade Center NW, Inc. and Enron Corp.	6,672.00	Post-bankruptcy taxes
Total	137,975.00	
3. Receivables for goods and services provided to the Transfer Group Companies by Seller and its Affiliates		
PGE and Enron Corp.	839,262.99	Post-bankruptcy MMF
PGE and Enron Corp.	(11,582.30)	Post-bankruptcy Miscellaneous
PGE and Enron Corp.	49,974.07	December 2001 restricted stock billing
PGE and Enron Corp.	1,734,372.07	September 2003 Health Benefits
PGE and Enron Corp.	1,572,453.09	Pre-bankruptcy Restricted Stock Billings, included in the proof of claim
PGE and Enron Corp.	13,917.21	Pre-bankruptcy Miscellaneous billings, included in the proof of claim
PGE and Enron Corp.	2,374,334.00	Pre-bankruptcy Enron overhead, included in the proof of claim
PGE and Enron Corp.	9,908.95	Pre-bankruptcy Miscellaneous billings, included in the proof of claim
PGE and Enron Corp.	8,152,384.00	Pre-bankruptcy 2001 RTA Taxes, included in the proof of claim
PGE and Enron Corp.	1,828,931.00	Pre-bankruptcy Enron Merger Oblig Taxes, included in the proof of claim
PGE and Enron Corp.	1,415,832.00	Pre-bankruptcy SRLY NOL's & Cap Loss CF '97-'00 Taxes, to be included in the amended proof of claim
PGE and Enron Corp.	8,925,811.00	2003 Taxes
Total	26,905,598.08	
PGE and Enron Operations Services	11,887.03	September 2003 executive services directly charged

PGE and Enron Power Marketing Inc.	193,310.84	Transmission Deposit - settlement, included in the amended proof of claim
Salmon Springs and Enron Corp.	35,964.00	2002 and 2003 income taxes
Salmon Springs and Enron Corp.	57,348.00	Pre-bankruptcy taxes
Total	93,312.00	

Schedule 6.14 Related Party Contracts

1. Reference is made to Schedule 4.16(b) items 12, 13, 14, 15, 16, 17 and 18. With respect to the Agreement, Seller does not have an obligation to cause these agreements to terminate under Section 6.9 or 6.14.

2. Contract referenced in Schedule 4.16(b)(4) will not be terminated with respect to the Company and its subsidiaries, but amended to eliminate Enron Corp. and its Subsidiaries (other than Transfer Group Companies).

3. Any payment obligation that survives the closing in accordance with Section 6.9 shall not terminate even though the underlying agreement may be terminated pursuant to Section 6.14.

Schedule 9.2(a)(iv)

Shared Special Indemnity Matters

(a) Liability of any Transfer Group Company in connection with FERC market manipulation proceeding FERC Docket No. EL02-114 (except to the extent arising from limitations on the Company's market based rate authority for a period not to exceed 24 months);

(b) liability of any Transfer Group Company relating to FERC anti-gaming show cause orders FERC Docket No. EL03-165 and FERC Docket No. IN03-10 and/or 100-day discovery process (except to the extent arising from limitations on the Company's market based rate authority for a period not to exceed 24 months);

(c) liability of any Transfer Group Company in connection with the California Markets refund proceeding FERC Docket EL00-95 et al. (except to the extent arising from limitations on the Company's market based rate authority for a period not to exceed 24 months);

(d) liability of any Transfer Group Company in connection with the Northwest Markets refund proceeding FERC Docket EL01-10 (except to the extent arising from limitations on the Company's market based rate authority for a period not to exceed 24 months);

(e) liability of any Transfer Group Company in connection with alleged violations of California antitrust law and unfair competition law in In re Wholesale Electricity Antitrust Cases I & II, USDC Southern District of California, Case Nos. CV02-990, 1000, 1001 RHW; USCA Ninth Circuit Court of Appeals, Case No. 02-57200, et al.;

(f) liability of any Transfer Group Company in connection with People of the State of California ex rel. Bill Lockyer, Attorney General v. Portland General Electric Company and Does 1 through 100, USDC Northern District of California, Case No. C-02-3318-VRW and State of California, ex rel. Bill Lockyer, Attorney General v. Federal Energy Regulatory Commission, USCA Ninth Circuit Court of Appeals, Case No. 02-73093;

(g) liability of any Transfer Group Company resulting from claims asserted by the U.S. Commodities Futures Trading Commission (CFTC) arising from the CFTC's June 17, 2002 subpoena of documents from the Company regarding alleged possible market manipulation;

(h) liability of any Transfer Group Company in connection with any claim or liability arising out of, or related to the matters that are the subject of, Civil Investigative Demands issued by the Oregon Attorney General on July 8, 2002, January 2, 2003, March 5, 2003, and November 6, 2003;

(i) liability in connection with the class action lawsuit claiming violations of the Federal Power Act in Nick A. Symonds v. Dynegy, Inc.; et al., U.S. District Court, Western District of Washington at Seattle, Case No. CV-02-2522Z;

(j) liability of any Transfer Group Company relating to the claim by Coleville Indian Tribe against Douglas County Public Utility District regarding tribal claims to lands used to generate power; and

(k) liability of any Transfer Group Company in connection with Port of Seattle v. Avista et al (including the Company), U.S. District Court, Western District of Washington at Seattle, Case No. CV03-1170P.

Schedule 12.2(a) Seller Knowledge Qualified Individuals

1. Peggy Y. Fowler
2. James J. Piro
3. Douglas R. Nichols
4. Steve Quennoz
5. Pamela Lesh
6. Jim Lobdell
7. Ron Johnson
8. Fred Miller

Schedule 5.3(a) No Violations; Consents

None

Schedule 5.3(b) Purchaser Required Government Approvals

1. Approval, if any, of Federal Energy Regulatory Commission under Section 203 of the Federal Power Act for the acquisition by Purchaser of the Shares.

2. Approval of Oregon Public Utility Commission under ORS 757.511 for the acquisition by Purchaser of the Shares.

3. Approval of (or determination that approval is not necessary from) the Oregon Energy Facilities Siting Council for the acquisition by Purchaser of the Shares.

4. Approval of Nuclear Regulatory Commission under 10 C.F.R. Part 50.80 for the acquisition by Purchaser of the Shares.

Schedule 5.7 One of the Managing Members of Purchaser

Neil Goldschmidt

Schedule 12.2(b) Purchaser Knowledge Qualified Individuals

1. Kelvin L. Davis

2. Richard P. Schifter

INDEMNIFICATION ESCROW AGREEMENT

THIS INDEMNIFICATION ESCROW AGREEMENT (as the same may be amended or modified from time to time and including any and all written instructions given to "the Escrow Agent" (hereinafter defined) pursuant hereto, this "Escrow Agreement") is made and entered into as of [_____], 200[___] by and among Enron Corp., an Oregon corporation ("Seller"), Oregon Electric Utility Company, LLC, an Oregon limited liability company ("Purchaser", and together with Seller, sometimes referred to herein collectively as the "Other Parties"), and JPMORGAN CHASE BANK, a New York State bank with an office in Houston, Harris County, Texas (the "Bank").

WITNESSETH:

WHEREAS, pursuant to that certain Stock Purchase Agreement (the "Purchase Agreement"), dated as of November 18, 2003, by and between Purchaser and Seller, Purchaser has agreed to acquire from Seller, and Seller has agreed to sell to Purchaser, all of the issued and outstanding common stock, par value $3.75 per share, of Portland General Electric Company, an Oregon corporation (the "Company");

WHEREAS, pursuant to Section 2.3(a)(ii) of the Purchase Agreement, Purchaser is required to deliver a portion of the Purchase Price equal to the Indemnification Escrow Amount to the Escrow Agent at Closing;

WHEREAS, it is a condition precedent to the closing of the transactions contemplated by the Purchase Agreement, that Purchaser, Seller and Bank execute and deliver this Escrow Agreement;

WHEREAS, unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in the Purchase Agreement; and

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

1. *Appointment of the Escrow Agent.* Each of Seller and Purchaser hereby appoints the Bank as the escrow agent under this Escrow Agreement (the Bank in such capacity, the "Escrow Agent"), and the Escrow Agent hereby accepts such appointment.

2. *Funds.* In accordance with the terms of the Purchase Agreement, Purchaser shall deliver to the Escrow Agent the Indemnification Escrow Amount (the "Funds") to be held by the Escrow Agent in a segregated escrow account in accordance with the terms of the Purchase Agreement and the terms of this Escrow Agreement. Subject to and in accordance with the terms and conditions of the Purchase Agreement and this Escrow Agreement, the Escrow Agent agrees that it shall receive, hold in escrow, invest and reinvest, release and distribute the Funds. In no event shall the Escrow Agent receive, hold in escrow, invest and reinvest, release or distribute the Funds except in accordance with the Purchase Agreement and this Escrow Agreement.

3. *Investment of the Funds.* Pending disbursement of the Funds in accordance with the terms of the Purchase Agreement and this Escrow Agreement, the Escrow Agent shall invest and reinvest the Funds in the JPMorgan Chase #220 Money Market Fund, or in Permitted Investments (as defined below). The Escrow Agent may use a broker-dealer of its own selection, including a broker-dealer owned by or affiliated with the Escrow Agent or any of its affiliates. The Escrow Agent or any of its affiliates may receive reasonable and customary compensation with respect to any investment directed hereunder (provided that such compensation shall be disclosed in writing to the Other Parties prior to such investment). The Escrow Agent shall have the right to liquidate any investment held in order to release the Funds as provided by this Escrow Agreement and the Purchase Agreement. It is expressly agreed and understood by the parties hereto that the Escrow Agent shall not in any way whatsoever be liable for losses on any investments, including, but not limited to, losses from market risks due to premature liquidation or resulting from other actions taken pursuant to and consistent with this Escrow Agreement. For purposes of this Escrow Agreement, "Permitted Investments" shall mean direct obligations of the U.S. government, obligations guaranteed by the U.S. government and money market funds that invest solely in direct obligations of the U.S. government or in obligations guaranteed by the U.S. government. Unless otherwise instructed in writing by Purchaser and Seller, the Escrow Agent will invest the Funds in the JPMorgan Chase #220 Money Market Fund.

Receipt, investment and reinvestment of the Funds shall be confirmed by the Escrow Agent as soon as practicable following each such transaction by account statement to the Other Parties, and any discrepancies in any such account statement shall be noted by the Other Parties to the Escrow Agent within 30 calendar days after receipt thereof. Failure to inform the Escrow Agent in writing of any discrepancies (except for gross or manifest errors) in any such account statement within said 30-day period shall presumptively be deemed confirmation of such account statement in its entirety. For purposes of this paragraph, each account statement shall be deemed to have been received by the party to whom directed on the earlier to occur of (i) actual receipt thereof and (ii) five (5) Business Days (hereinafter defined) after the deposit thereof in the United States Mail, postage prepaid. For purposes of this Escrow Agreement, the term "Business Day" shall mean any day of the year, excluding Saturday, Sunday and any other day on which national banks are required or authorized to close in Houston, Texas.

4. *Disbursement of Funds.* (a) The Escrow Agent shall disburse (i) to Purchaser (for Purchaser's own account or for the account of any Purchaser Indemnified Party) such portion of the Funds as may be necessary to pay the Losses for which a Purchaser Indemnified Party is entitled to reimbursement under Article IX of the Purchase Agreement (after taking into account the provisions of Section 9.5(a) of the Purchase Agreement, if applicable) or Article X of the Purchase Agreement, (ii) to Seller such portion of the Funds as may be necessary to reflect the amounts, if any, to which Seller is entitled under the last sentence of Section 9.5(a) of the Purchase Agreement, (iii) to Purchaser such portion of the Funds as determined by a court to be paid to Purchaser to satisfy Seller's outstanding obligations to the Purchaser Indemnified Parties in accordance with Article XI of the Purchase Agreement, (iv) to Seller such portion of the Funds remaining following the payment of all amounts due pursuant to clause (i), (ii)

and (iii) of this paragraph 4 after final, non-appealable written judgment of a court in accordance with Article XI of the Purchase Agreement or (v) the Funds into the registry of (A) the Bankruptcy Court, if the Bankruptcy Cases remain open, or (B) a court of competent jurisdiction, if the Bankruptcy Cases have been closed, in the case of this clause (v), in accordance with Sections 9 or 16 hereof, as applicable.

(b) On the next Business Day after the fifth (5th) Business Day following receipt by the Escrow Agent of written instructions signed by Purchaser pursuant to Section 9.4(a) of the Purchase Agreement (an "Indemnity Notice") or pursuant to Section 9.4(b) of the Purchase Agreement (an "Third Party Claim Notice") or a notice pursuant to Section 10.8 or 10.9 of the Purchase Agreement (an "Article X Claim Notice") in the form attached hereto as Exhibit A (such notice to include the amount of Funds Purchaser Indemnified Party is entitled to receive under Article IX of the Purchase Agreement (after taking into account the provisions of Section 9.5(a) of the Purchase Agreement, if applicable) or Article X of the Purchase Agreement and Section 4(a)(i) hereof, and, if applicable, the amount of funds Seller is entitled to receive pursuant to the last sentence of Section 9.5(a) of the Purchase Agreement and Section 4(a)(ii) hereof), the Escrow Agent shall immediately distribute such Funds specified in the Indemnity Notice, Third Party Claim Notice or Article X Claim Notice, unless, prior to 5:00 p.m., Houston, Texas time, on the fifth (5th) Business Day after receipt by the Escrow Agent of such Indemnity Notice, Third Party Claim Notice or Article X Claim Notice (the "Objection Period"), the Escrow Agent receives written notice (an "Objection Notice") from Seller in the form attached hereto as Exhibit B objecting to the presentation for payment of the Funds pursuant to this Section 4(b) and setting forth in reasonable detail the reason for such objection. Purchaser shall not deliver such Indemnity Notice, Third Party Claim Notice or Article X Claim Notice, and Seller shall not deliver such Objection Notice, except in accordance with the terms of the Purchase Agreement. If the Escrow Agent receives such Objection Notice from Seller prior to the end of the Objection Period, the Escrow Agent shall not deliver such Funds but shall continue to hold the Funds in accordance with the terms of this Escrow Agreement until the question of any party's entitlement to the Funds shall have been determined by an agreement signed by Seller and Purchaser (a "Settlement Agreement") or by a final non-appealable judgment of (i) the Bankruptcy Court, if the Bankruptcy Cases remain open, or (ii) a court of competent jurisdiction, if the Bankruptcy Cases have been closed. Purchaser must deliver a copy of any Indemnity Notice, Third Party Claim Notice or Article X Claim Notice to Seller not later than the same date on which such notice is delivered to or received by the Escrow Agent, in accordance with the provision of Section 14 hereof.

(c) On the next Business Day following (x) the delivery to the Escrow Agent of joint written instructions signed by both Purchaser and Seller in the form attached hereto as Exhibit C, specifying an amount to be paid to a Purchaser Indemnified Party or Seller, as applicable, or (y) the delivery by Seller or Purchaser to the Escrow Agent and Seller or Purchaser, as applicable, of a copy of a Final Determination (as defined below) establishing Seller's and/or a Purchaser Indemnified Party's right to receive all or a portion of the Funds pursuant to Article XI of the Purchase Agreement and Section 4(a)(iii) and/or Section 4(a)(iv) of this Escrow Agreement, the Escrow Agent shall immediately distribute such Funds specified in such instructions or Final

Determination, as applicable. For the purposes of this Escrow Agreement, a "Final Determination" shall mean (i) an agreement signed by Seller and Purchaser or (ii) a final non-appealable written judgment of a court in accordance with Article XI of the Purchase Agreement.

5. *Amounts Distributed or Earned.* All amounts earned with respect to the Funds (whether interest or otherwise) shall not become part of the Funds and shall be distributed to Seller within five (5) Business Days after the end of any month in which such amounts are earned.

6. *Tax Matters.* Purchaser and Seller agree that Seller shall include any amounts earned with respect to the Funds in its gross income for federal, state and local income tax purposes and that Seller shall be individually liable for payment of all taxes payable with respect to such earnings and all related tax reporting duties. Seller shall provide the Escrow Agent with its taxpayer identification number documented on the signature page hereto upon execution of this Escrow Agreement. Failure so to provide such forms may prevent or delay disbursements from the Funds and may also result in the assessment of a penalty and the Escrow Agent's being required to withhold tax on any interest or other income earned on the Funds. Any payments of income shall be subject to applicable withholding regulations then in force in the United States or any other jurisdiction, as applicable.

7. *Scope of Undertaking.* The Escrow Agent's duties and responsibilities in connection with this Escrow Agreement shall be purely ministerial and shall be limited to those expressly set forth in this Escrow Agreement. The Escrow Agent is not a principal, participant or beneficiary in any transaction underlying this Escrow Agreement and shall have no duty to inquire beyond the terms and provisions hereof. The Escrow Agent shall have no responsibility or obligation of any kind in connection with this Escrow Agreement or the Funds and shall not be required to deliver the Funds or any part thereof or take any action with respect to any matters that might arise in connection therewith, other than to receive, hold, invest, reinvest and deliver the Funds as herein provided. Without limiting the generality of the foregoing, it is hereby expressly agreed and stipulated by the parties hereto that the Escrow Agent shall not be required to exercise any discretion hereunder and shall have no investment or management responsibility and, accordingly, shall have no duty to, or liability for its failure to, provide investment recommendations or investment advice to the Other Parties or either of them. The Escrow Agent shall not be liable for any error in judgment, any act or omission, any mistake of law or fact, or for anything it may do or refrain from doing in connection herewith, except for, subject to Section 8 hereof, its own fraud, willful misconduct, gross negligence or material breach of this Escrow Agreement. It is the intention of the parties hereto that the Escrow Agent shall never be required to use, advance or risk its own funds or otherwise incur financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

8. *Reliance; Liability.* The Escrow Agent may rely on, and shall not be liable for acting or refraining from acting in accordance with, any written notice, instruction or request or other paper furnished to it hereunder or pursuant hereto and

reasonably believed by it in good faith to have been signed or presented by the proper party or parties. The Escrow Agent shall be responsible for holding, investing, reinvesting and disbursing the Funds pursuant to this Escrow Agreement; *provided, however*, that in no event shall the Escrow Agent be liable for any lost profits, lost savings or other exemplary, consequential or incidental damages in excess of the Escrow Agent's fee hereunder and *provided, further*, that the Escrow Agent shall have no liability for any loss arising from any cause beyond its control, including, but not limited to, the following: (a) the act, failure or neglect of any Other Party, (b) the act, failure or neglect of any agent or correspondent or any other person or entity selected by the Escrow Agent (unless such selection involved fraud, gross negligence or willful misconduct); (c) any delay, error, omission or default of any mail, courier, telegraph, cable or wireless agency or operator; or (d) the acts or edicts of any government or governmental agency or other group or entity exercising governmental powers. The Escrow Agent is not responsible or liable in any manner whatsoever for the transaction or transactions requiring or underlying the execution of this Escrow Agreement or for the identity or authority of any person (other than the Escrow Agent) executing this Escrow Agreement or any part hereof or depositing the Funds.

9. *Right of Interpleader.* Should any controversy arise involving the parties hereto or any of them or any other person, firm or entity with respect to this Escrow Agreement or the Funds, or should a substitute escrow agent fail to be designated as provided in Section 16 hereof, or if the Escrow Agent should have reasonable doubt as to what action to take, the Escrow Agent shall have the right, but not the obligation, either to (a) withhold delivery of the Funds until the controversy is resolved, the conflicting demands are withdrawn or its reasonable doubt is resolved or (b) institute a petition for interpleader in (i) the Bankruptcy Court, if the Bankruptcy Cases remain open, or (ii) a court of competent jurisdiction, if the Bankruptcy Cases have been closed, to determine the rights of the parties hereto and pay into such court all applicable funds held by the Escrow Agent for holding and disbursement. Should a petition for interpleader be instituted, or should the Escrow Agent be threatened with litigation or become involved in litigation or binding arbitration in any manner whatsoever in connection with this Escrow Agreement or the Funds, the Other Parties hereby jointly and severally agree to reimburse the Escrow Agent for its reasonable and documented attorneys' fees and any and all other reasonable and documented out-of-pocket expenses, losses, costs and damages incurred by the Escrow Agent in connection with or resulting from such threatened or actual litigation prior to any disbursement hereunder (other than any such threatened or actual litigation that results from a material breach by the Escrow Agent of this Escrow Agreement or the gross negligence, willful misconduct or fraud of the Escrow Agent).

10. *Indemnification.* The Other Parties hereby jointly and severally agree to indemnify the Escrow Agent, its officers, directors, partners, employees and agents (each hereinafter referred to as an "Indemnified Party") against, and hold each Indemnified Party harmless from, any and all reasonable and documented out-of-pocket expenses, including, without limitation, reasonable attorneys' fees and court costs, losses, costs, damages and claims, including, but not limited to, costs of investigation, litigation, tax liability (other than taxes payable with respect to fees paid or other income hereunder)

suffered or incurred by any Indemnified Party in connection with or arising from or out of this Escrow Agreement, except such acts or omissions as may result from the fraud, willful misconduct or gross negligence of, or material breach of this Escrow Agreement by, such Indemnified Party. **IT IS THE EXPRESS INTENT OF EACH OF SELLER AND PURCHASER TO INDEMNIFY EACH OF THE INDEMNIFIED PARTIES FOR, AND HOLD THEM HARMLESS FROM AND AGAINST, SELLER'S OR PURCHASER'S NEGLIGENT ACTS OR OMISSIONS.** If any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought from the Other Parties pursuant to this section, or an Indemnified Party receives notice from any potential claimant, such Indemnified Party shall, as promptly as practicable after receiving notice thereof, give written notice to the Other Parties of the commencement of such action or proceeding or of the existence of any such claim (any such action, proceeding or notice hereinafter referred to as a "Claim") and furnish the Other Parties with copies of any summons or other legal process received by such Indemnified Party and other documents and information in the possession of such Indemnified Party as to the nature and basis of the claim; *provided*, that no failure to give or delay in giving such notice or such documents and information shall relieve the Other Parties from any of their indemnification obligations hereunder except to the extent such obligations could have been reduced or avoided in the absence of such failure or delay. In case any such Claim shall be brought against any Indemnified Party, the Other Parties will be entitled to participate in the defense of such Claim, and, after written notice from the Other Parties to such Indemnified Party, to jointly assume the defense of such Claim with a single counsel mutually agreed upon and appointed by the Other Parties and which counsel is reasonably acceptable to such Indemnified Party at the Other Parties' joint expense or, alternatively, if only one, but not both, of the Other Parties elects to assume the defense of such Claim, then such party will, after written notice to the non-electing Other Party and such Indemnified Party, be entitled to defend such Claim separately with the cost of such defense to be shared equally by the Other Parties (in each case the Other Parties shall not thereafter be responsible for the fees and disbursements of any separate counsel retained by such Indemnified Party in connection with such action or proceeding, except as provided below in this section). For the avoidance of doubt, if the Other Parties shall jointly assume the defense of any Claim against any Indemnified Party, such defense shall be jointly controlled by the Other Parties and all decisions relating thereto shall be mutually agreed upon by the Other Parties. If only one of the Other Parties shall elect to assume the defense of any Claim separately, such party shall obtain the prior written consent of (i) the non-electing Other Party before entering into any settlement of such Claim if the settlement imposes any cost, expense or obligation on the non-electing Other Party or does not expressly and unconditionally release the non-electing Other Party from all liabilities and obligations with respect to such Claim (other than sharing equally in the cost thereof as set forth above) and (ii) the Indemnified Party if the settlement imposes any cost, expense or obligation on the Indemnified Party or does not expressly and unconditionally release the Indemnified Party from all liabilities and obligations with respect to such Claim. Notwithstanding any election by the Other Parties to assume the defense of any such Claim, such Indemnified Party shall have the right to employ separate counsel and to participate in the defense of such Claim at the Indemnified Party's expense; *provided, however,* that such Indemnified Party shall not

have the right to settle any such Claim without the prior written consent of the Other Parties. The Other Parties agree to pay the reasonable and documented out-of-pocket fees and disbursements of such separate counsel (with the expense of such separate counsel to be shared equally by the Other Parties) only if (i) the use of counsel jointly chosen by the Other Parties to represent such Indemnified Party would present an actual conflict of interest that would be unreasonable to waive or (ii) the Other Parties shall authorize such Indemnified Party to employ separate counsel. If the Other Parties do not elect, jointly or separately, to assume the defense of a Claim against any Indemnified Party, such Indemnified Party shall obtain the prior written consent of the Other Parties before entering into any settlement of such Claim. Notwithstanding anything to the contrary contained in this Section 10, the Other Parties agree, as between themselves, to share in the aggregate amount of any indemnifiable costs or expenses for which any Indemnified Party may be liable in such equitable proportion as is appropriate to reflect their respective relative fault in connection with the acts or omissions which resulted in such costs or expenses. The relative fault of Seller and Purchaser shall be determined by reference to whether the acts or omissions at issue were those of Seller or Purchaser respectively. If any amount paid by Seller or Purchaser pursuant to this Section 10 is in excess of the amount allocable to it in accordance with the provisions of this section, the party that paid such excess amount shall be entitled to reimbursement of such excess amount (plus all reasonable attorneys' fees and documented expenses incurred in connection with enforcing this provision) from the other.

11. *Compensation and Reimbursement of Expenses.* Upon execution of this Escrow Agreement, the Purchaser shall pay the Escrow Agent for its services hereunder in accordance with the Escrow Agent's fee schedule as attached as **Schedule I** hereto as in effect from time to time. In addition, each of Purchaser and Seller agree to pay one-half of all reasonable and documented out-of-pocket expenses incurred by the Escrow Agent in connection with the performance of its duties and enforcement of its rights hereunder and otherwise in connection with the operation, administration and enforcement of this Escrow Agreement, including, without limitation, attorneys' fees, brokerage costs and related expenses incurred by the Escrow Agent, in each case to the extent reasonably necessary (collectively, "Other Expenses"). Purchaser and Seller shall be jointly and severally liable to the Escrow Agent for the payment of all Other Expenses. Notwithstanding the foregoing, Purchaser and Seller shall not be responsible for any Other Expenses to the extent such expenses arise out of, relate to or result from the Escrow Agent's material breach of this Escrow Agreement or the gross negligence, willful misconduct or fraud of the Escrow Agent. If any amount paid by Seller or Purchaser on account of the Other Expenses pursuant to this Section 11 is in excess of one-half of the Other Expenses, the party that paid such excess amount shall be entitled to reimbursement of such excess amount (plus all reasonable and documented attorneys' fees expenses incurred in connection with enforcing this provision) from the other.

12. *Funds Transfer.* All disbursements of the Funds shall be made by wire transfer of immediately available U.S. Federal Funds to an account designated by the payee therefor. In the event funds transfer instructions are given (other than in writing at the time of execution of this Escrow Agreement), whether in writing, by telefax, or otherwise, the Escrow Agent is authorized to seek confirmation of such

Facsimile: (713) 853-3920

and

Weil, Gotshal & Manges LLP
200 Crescent Court, Suite 300
Dallas, Texas 75201
Attention: R. Jay Tabor, Esq.
Facsimile: (214) 746-7771

If to Purchaser, to:

Oregon Electric Utility Company, LLC
c/o SW&W Legal Services, Inc.
Attention: William J. Ohle
1211 SW Fifth Ave, Suites 1600-1800
Portland, OR 97204

With a copy to:

TPG Partners III, L.P.
301 Commerce Street
Suite 3300
Fort Worth, Texas 76102
Attention: Richard A. Ekleberry, Esq.
Facsimile: (817) 871-4088

and

TPG Partners IV, L.P.
301 Commerce Street
Suite 3300
Fort Worth, Texas 76102
Attention: Richard A. Ekleberry, Esq.
Facsimile: (817) 871-4088

and

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attention: Michael L. Ryan, Esq. and David Leinwand, Esq.
Facsimile: (212) 225-3999

and

Arnold & Porter
370 Seventeenth Street, Suite 4500
Denver, Colorado 80202-1370
Attention: Brian P. Leitch, Esq.
Facsimile: (303) 832-0428

Except to the extent otherwise provided in the second paragraph of Section 3 hereinabove, delivery of any communication given in accordance herewith shall be effective only upon actual receipt (and in the case of telefax transmissions when received during normal business hours) thereof by the party or parties to whom such communication is directed. Any party to this Escrow Agreement may change the address to which communications hereunder are to be directed by giving written notice to the other party or parties hereto in the manner provided in this section. All signatures of the parties to this Escrow Agreement may be transmitted by facsimile, and such facsimile will, for all purposes, be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party.

14. *Consultation with Legal Counsel.* The Escrow Agent may consult with its counsel or other counsel satisfactory to it concerning any question relating to its duties or responsibilities hereunder or otherwise in connection herewith and shall not be liable for any action taken, suffered or omitted by it in good faith upon the advice of such counsel.

15. *Choice of Laws; Cumulative Rights; Jurisdiction.* All of the Escrow Agent's rights hereunder are cumulative of any other rights it may have at law, in equity or otherwise. This Escrow Agreement shall be construed and enforced in accordance with and governed by the laws of the State of New York. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE BANKRUPTCY COURT FOR ANY AND ALL DISPUTES, CONTROVERSIES, CONFLICTS, LITIGATION OR ACTIONS ARISING OUT OF OR RELATING TO THIS ESCROW AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND AGREES NOT TO COMMENCE ANY LITIGATION OR ACTIONS ARISING OUT OF OR RELATING TO THIS ESCROW AGREEMENT EXCEPT IN THE BANKRUPTCY COURT; *PROVIDED, HOWEVER*, THAT IF THE BANKRUPTCY CASES HAVE CLOSED, THE PARTIES AGREE TO UNCONDITIONALLY AND IRREVOCABLY SUBMIT TO THE EXCUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK SITTING IN NEW YORK COUNTY OR THE COMMERCIAL DIVISION CIVIL BRANCH OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND ANY APPELLATE COURT FROM ANY THEREOF, FOR THE RESOLUTION OF ANY SUCH DISPUTE, CONTROVERSY, CONFLICT, LITIGATION OR ACTION.

16. *Resignation.* The Escrow Agent may resign hereunder upon thirty (30) days prior notice to the Other Parties. Upon the effective date of such resignation,

the Escrow Agent shall deliver the Funds to any substitute escrow agent designated by the Other Parties in writing. If the Other Parties fail to designate a substitute escrow agent within thirty (30) days after the giving of such notice, the Escrow Agent may institute a petition for interpleader. The Escrow Agent's sole responsibility after such 30-day notice period expires shall be to hold the Funds (without any obligation to reinvest the same) and to deliver the same to a designated substitute escrow agent, if any, or in accordance with the directions of a final order or judgment of (i) the Bankruptcy Court, if the Bankruptcy Cases remain open, or (ii) a court of competent jurisdiction, if the Bankruptcy Cases have been closed, at which time of delivery the Escrow Agent's obligations hereunder shall cease and terminate, except that such resignation shall not relieve the Escrow Agent from any liability, losses, costs, damages or claims that result from a material breach by the Escrow Agent of this Escrow Agreement or the gross negligence, willful misconduct or fraud of the Escrow Agent. The Escrow Agent or successor agent shall continue to act as escrow agent hereunder until a successor is appointed and qualified to act as the escrow agent.

17. *Termination by Purchaser and Seller.* By mutual agreement, Purchaser and Seller shall have the right at any time upon not less than ten (10) days prior written notice to the Escrow Agent to terminate their appointment of the Escrow Agent as the escrow agent, or any successor escrow agent, as escrow agent hereunder. The Escrow Agent or successor agent shall continue to act as escrow agent hereunder until a successor is appointed and qualified to act as the escrow agent.

18. *Assignment.* None of Seller Purchaser or the Escrow Agent shall have the right to assign this Escrow Agreement or any of their respective rights or obligations hereunder (by operation of law or otherwise) without the prior written consent of the non-assigning Other Parties and any attempted assignment without the required consent of such other party shall be void.

19. *Severability.* If one or more of the provisions hereof shall for any reason be held to be invalid, illegal or unenforceable in any respect under applicable law, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, and this Escrow Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, and the remaining provisions hereof shall be given full force and effect.

20. *Termination.* This Escrow Agreement shall terminate upon the disbursement, in accordance with Sections 4 or 16 hereof, of the Funds in full; *provided, however*, that in the event all fees, expenses, costs and other amounts required to be paid to the Escrow Agent hereunder are not fully and finally paid prior to termination, the provisions of Sections 9 and 10 hereof and the last two sentences of Section 8 hereof shall survive the termination hereof; *provided, further,* such termination shall not relieve the Escrow Agent from any liability, losses, costs, damages or claims that result from a material breach by the Escrow Agent of this Escrow Agreement or the gross negligence, willful misconduct or fraud of the Escrow Agent.

21. *Waiver of Offset Rights.* The Escrow Agent hereby waives any and all rights to offset that it may have against the Funds including, without limitation, claims arising as a result of any claims, amounts, liabilities, costs, expenses, damages, or other losses that Escrow Agent may be otherwise entitled to collect from any party to this Escrow Agreement.

22. *General.* The section headings contained in this Escrow Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Escrow Agreement. This Escrow Agreement and any affidavit, certificate, instrument, agreement or other document required to be provided hereunder may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute but one and the same instrument. Unless the context shall otherwise require, the singular shall include the plural and vice-versa, and each pronoun in any gender shall include all other genders. The terms and provisions of this Escrow Agreement constitute the entire agreement among the parties hereto in respect of the subject matter hereof, and neither the Other Parties nor the Escrow Agent has relied on any representations or agreements of the other, except as specifically set forth in this Escrow Agreement. This Escrow Agreement or any provision hereof may be amended, modified, waived or terminated only by written instrument duly signed by the parties hereto. This Escrow Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors, trustees, receivers and permitted assigns. This Escrow Agreement is for the sole and exclusive benefit of the Other Parties and the Escrow Agent, and nothing in this Escrow Agreement, express or implied, is intended to confer or shall be construed as conferring upon any other person or entity any rights, remedies or any other type or types of benefits. If performance by any party to this Escrow Agreement is delayed or prevented by any act of God, terrorism, fire, flood or other casualty, strike, national emergency or other cause beyond the reasonable control of a party, then the period of such party's performance of the applicable obligation shall be automatically extended for the same amount of time that such party is so delayed or hindered. The affected party shall use its best efforts to remove the cause of delay and shall notify the other parties to this Escrow Agreement in writing of any such delay or failure promptly after the commencement of the event relied upon for its delay or failure to comply with its obligations.

[THE REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement to be effective as of the date first above written.

Tax Certification: Taxpayer ID#: _____

NOTE: The following certification shall be used by and for a U.S. resident only. Non-residents must use and provide Form W8-BEN

Customer is a (check one):

___ Corporation ___ Municipality ___ Partnership ___ Non-profit or Charitable Org
___ Individual ___ REMIC ___ Trust ___ Other _____

Under the penalties of perjury, the undersigned certifies that:

(1) the entity is organized under the laws of the United States;

(2) the number shown above is its correct Taxpayer Identification Number (or it is waiting for a number to be issued to it); and

(3) it is not subject to backup withholding because: (a) it is exempt from backup withholding or (b) it has not been notified by the Internal Revenue Service (IRS) that it is subject to backup withholding as a result of failure to report all interest or dividends, or (c) the IRS has notified it that it is no longer subject to backup withholding.

(If the entity is subject to backup withholding, cross out the words after the (3) above.)

Investors who do not supply a tax identification number will be subject to backup withholding in accordance with IRS regulations.

Note: The IRS does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

ENRON CORP.

By: _____
Name: _____
Title: _____

"SELLER"

OREGON ELECTRIC UTILITY COMPANY, LLC

By: _____
Name: _____
Title: _____

"**PURCHASER**"

JPMORGAN CHASE BANK

By: _____
Name: _____
Title: _____

"**ESCROW AGENT**"

Exhibit A

[Indemnity Notice]/[Third Party Claim Notice]/[Article X Claim Notice]

The undersigned hereby gives notice (this "Notice"), pursuant to Section 4(b) of that certain Escrow Agreement (the "Agreement"), dated as of [_____], 200[___], by and among JP Morgan Chase Bank, as escrow agent ("Escrow Agent"), Enron Corp., an Oregon corporation ("Seller"), and Oregon Electric Utility Company, LLC, an Oregon limited liability company ("Purchaser"), and direct the Escrow Agent to disburse the [amount of funds to be released to Purchaser] to Purchaser and [amount of funds to be released to Seller] to Seller in accordance with the Agreement and the Purchase Agreement and in the manner set forth below. Capitalized terms used but not defined in this Notice shall have the meanings ascribed thereto in the Agreement.

Instructions: [_____]

IN WITNESS WHEREOF, the undersigned has caused this Notice to be executed and delivered on this [__] day of [_____], 200[__].

OREGON ELECTRIC UTILITY COMPANY, LLC

By:_____
Name:_____
Title:_____

Exhibit B

Objection Notice

The undersigned hereby gives notice (this "Objection Notice") pursuant to Section 4(b) of that certain Escrow Agreement (the "Agreement"), dated as of [_____], 200[___], by and among JP Morgan Chase Bank, as escrow agent ("Escrow Agent"), Enron Corp., an Oregon corporation ("Seller"), and Oregon Electric Utility Company, LLC, an Oregon limited liability company ("Purchaser"), of its objection to the disbursement to **[Seller / Purchaser]** of any of the Funds. Capitalized terms used but not defined in this Notice shall have the meanings ascribed thereto in the Agreement.

[Insert basis for the Objection in accordance with Agreement.]

IN WITNESS WHEREOF, the undersigned has hereto caused this Objection Notice to be executed and delivered on this [__] day of [_____], 200[_].

ENRON CORP.

By: _____
Name: _____
Title: _____

Exhibit C

Disbursement Notice

The undersigned hereby give notice (this "Notice") pursuant to Section 4(b) or Section 4(c), as applicable, of that certain Escrow Agreement (the "Agreement"), dated as of [_____], 200[___], by and among JPMORGAN CHASE BANK, as escrow agent (the "Escrow Agent"), [NAME OF SELLER] and Oregon Electric Utility Company, LLC, an Oregon limited liability company ("Purchaser"), and direct the Escrow Agent to disburse the [amount of funds to be released to Purchaser] to Purchaser and [amount of funds to be released to Seller] to Seller not later than 2 p.m. (New York City time) on the date and in the manner set forth below. Capitalized terms used but not defined in this Closing Notice shall have the meanings ascribed thereto in the Agreement.

Disbursement Date: [_____], 200[___]

Wiring Instructions: [_____]

IN WITNESS WHEREOF, the undersigned have caused this Disbursement Notice to be executed and delivered on this [__] day of [_____], 200[___].

ENRON CORP.

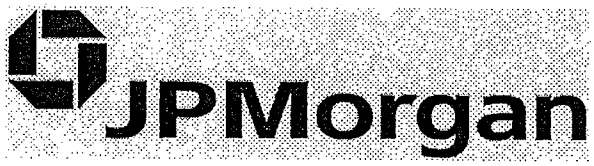
By:_____
Name:_____
Title:_____

OREGON ELECTRIC UTILITY COMPANY, LLC

By:_____
Name:_____
Title:_____

Schedule I

Escrow Agent Fee Schedules



Schedule of Fees for the Escrow Agent's Services

New Account Acceptance Fee ..... **$**	**750**	**Waived**
Payable upon Account Opening		
Minimum Administrative Fee ..... **$**	**1,500**	
Payable Upon Account Opening and in Advance for each year in which we act as Escrow Agent		

ACTIVITY FEES:

Disbursements

Per Check		**$ 35**
Per Wire	U.S.	**$ 35**
	International	**$ 100**

Receipts

Per Check	**$ 10**
Per Wire	**$ 10**

Investments

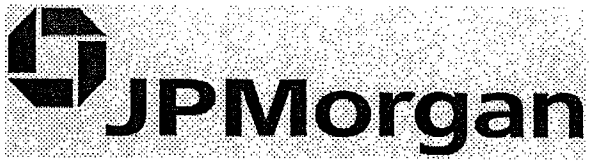
Per directed buy/sell	**$ 50**

LEGAL EXPENSES: **At Cost**

There will be no legal expenses if this Escrow Agreement is employed without substantial substantive amendments.

Schedule I

Escrow Agent Fee Schedules



A New Account Acceptance Fee will be charged for the Bank's review of this Escrow Agreement along with any related account documentation. A one (1) year Minimum Administrative Fee will be assessed for any account which is funded. The account will be invoiced in the month in which the account is opened and annually thereafter. Payment of the invoice is due 30 days following receipt.

The Administrative Fee will cover a maximum of fifteen (15) annual administrative hours for the Bank's standard Escrow services including account setup, safekeeping of assets, investment of funds, collection of income and other receipts, preparation of statements comprising account activity and asset listing, and distribution of assets in accordance with the specific terms of this Escrow Agreement.

Extraordinary Services and Out-of Pocket Expenses:

After this Escrow Agreement is executed and the escrow account is funded with the Funds, any additional services beyond our standard services as specified above, such as annual administrative activities in excess of fifteen (15) hours and all reasonable and documented out-of-pocket expenses including reasonable attorney's fees will be considered extraordinary services for which related costs, transaction charges, and additional fees will be billed at the Bank's standard rate.

Modification of Fees:

Circumstances may arise necessitating a change in the foregoing fee schedule. The Bank will attempt at all times, however, to maintain the fees at a level which is fair and reasonable in relation to the responsibilities assumed and the duties performed.

Assumptions:

- ☐ The escrow deposit shall be continuously invested in JPMorgan US Govt. #220 Money Market Fund. The Minimum Administrative Fee would include ***a supplemental charge of 50 basis points*** on the escrow deposit amount if another investment option is chosen.
- ☐ The account will be invoiced in the month in which the account is opened and annually thereafter.
- ☐ Payment of the invoice is due 30 days following receipt.

Schedule II

Telephone Number(s) for Call-backs and Person(s) Designated to Confirm Funds Transfer Instructions

(Need at least 4 individuals for each party.)

If to Seller:

	Name	Telephone
1.		
2.		
3.		
4.		

If to Purchaser:

	Name	Telephone
1.		
2.		
3.		
4.		

Telephone call-backs shall be made to either Seller or Purchaser if joint instructions are required pursuant to this Escrow Agreement.

EXHIBIT B

(Index of Contracts Made Available to Purchaser)

NOT INCLUDED. WILL BE PROVIDED DURING DISCOVERY UPON REQUEST.

EXHIBIT C
(Debt Financing Letter)

INCLUDED AS EXHIBIT 19 TO THE APPLICATION (HIGHLY CONFIDENT LETTER)

EXHIBIT D

PRELIMINARY TERM SHEET

I. Overview

In connection with the proposed acquisition led by MEADOWLARK ("Meadowlark") of all of the shares of TAHOE Company ("Tahoe"), Meadowlark proposes to establish an acquisition and ownership structure that will shield it and its co-investors from regulation as public-utility holding companies under the Public Utility Holding Company Act of 1935 ("PUHCA"). Such a structure will require the creation of a special purpose vehicle with non-controlling investment interests to be held by Meadowlark and its co-investors, as non-managing members (collectively, "NMM"), and controlling investment interests to be held directly or indirectly by one or more individuals as managing members ("Managing Members").

II. Proposed Terms

Investment Vehicle	Special purpose limited liability company to be formed under Oregon law ("Holdco").
Managing Member Committee	Three or fewer individuals with relevant experience, none of whom is an officer, director or employee of the NMM or its affiliates or assigns or of another Managing Member.
Managing Members' Ownership Interest	Managing Members will collectively, direct or indirect, own a minimum of approximately 0.10% of total equity of Holdco. The aggregate minimum subscription price for the Managing Members' ownership interest will be approximately $1 million.
Co-investment Rights	The Managing Members will have the right to invest, directly or indirectly, additional amounts on the same terms and conditions as the NMM. Remaining equity of Holdco to be owned, directly or indirectly, by NMM.
Holdco Board of Directors	Managing Members to control 80% of board seats. Remaining seats to be controlled by NMM. In addition, NMM may have non-voting observers.
Management of Holdco and Company	Subject to the consent rights of the NMM set forth in summary form in Exhibit A, Managing

	Member Committee will have voting control of Holdco. Company management will be responsible for day-to-day operations of the Company.
Removal of Managing Members	Managing Members may be removed upon the events or circumstances described in Exhibit B.
NMM	Meadowlark and its affiliates and assigns (holding in the aggregate an up to 80% equity interest) and one or more financial co-investors, in each case either directly or indirectly.
NMM Approval Rights	NMM will have approval rights over certain specified major Holdco or Company actions, as set forth in summary form in Exhibit A.
Exit Rights	Majority interest of NMM will have the right to effect a sale of the Company.
Change in Control upon PUHCA Event	If, at any time, PUHCA is repealed or if Meadowlark in its sole discretion determines that amendment to or administration of PUHCA has eliminated the risk that any NMM will be regulated as a holding company, then all equity interests in Holdco will become voting interests and each investor in Holdco will obtain voting rights in proportion to its ownership interest in Holdco. PUHCA-related restrictions (such as limits on board membership) will cease to apply.

EXHIBIT D

Exhibit A

Negative Consent Rights

The consent of a majority in interest of the Non-Managing Members would be required for any of the following matters:

1. any recapitalization, reorganization, reclassification, merger, consolidation, liquidation, dissolution or other winding up, spin-off, subdivision or other combination;

2. any declaration, setting aside or payment of any dividend or other similar distribution (including a redemption or repurchase of capital) in respect of any class of capital stock of Holdco, the Company or any of their respective subsidiaries, other than payments of cash dividends on the Preferred Stock of the Company outstanding as of the date of the Acquisition in accordance with the terms of the Preferred Stock as in effect on the date of the Acquisition;

3. any authorization, sale, issuance or redemption of equity securities (or any warrants, options or rights to acquire equity securities or any securities convertible into or exchangeable for equity securities) of Holdco, the Company or any of their respective subsidiaries, other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

4. any incurrence of indebtedness by Holdco, the Company or any of their respective subsidiaries in the aggregate in excess of $[•] (a) for borrowed money, (b) evidenced by notes, bonds, debentures or other similar instruments, (c) under capital or financing leases or installment sale agreements or (d) in the nature of guarantees of the obligations described in clauses (a) through (c) of any other person or entity, other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

5. any loan or advance (not specified in clause 4) to any person, other than trade credit in the ordinary course of business consistent with past practice;

6. any redemption, acquisition, cancellation or prepayment of a complete or partial discharge in advance of a scheduled payment date with respect to, any material modification or other material amendment of any terms of, or waiver of any material right under, any indebtedness of Holdco, the Company or any of their respective subsidiaries (whether for borrowed money or otherwise), other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

7. the entering into or amendment of any contract, agreement, arrangement or commitment with respect to the procurement of goods or services which creates or could reasonably be expected to create a financial obligation in an amount, whether payable at one time or in a series of payments, in excess of $[•], except as contemplated by any then-current

annual operating or capital budget and business plan approved in accordance with these consent rights;

8. any capital expenditures in an amount greater than $[•], in any transaction or series of related transactions, except as contemplated by the then-current annual operating or capital budget approved in accordance with these consent rights;

9. any purchase, lease or other acquisition of any securities or assets of any other person, except for acquisitions of securities, products, supplies and equipment in the ordinary course of business consistent with past practice or acquisitions pursuant to the then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

10. any sale, lease, exchange, transfer, or other disposition of Holdco's, the Company's or their respective subsidiaries' assets or businesses on a consolidated basis (including, without limitation, the capital stock of any subsidiary), except to the extent that such transactions in any fiscal year in aggregate do not exceed $[•]/[•]% of such entity's net revenues], as determined by an independent appraiser of national standing;

11. any joint venture, partnership or other material operating alliance by Holdco, the Company or any of their respective subsidiaries with any other person;

12. any material change in accounting policies, practices or principles, or voluntarily change in Holdco's or the Company's outside independent auditor or accountants;

13. any voluntary proceeding or filing of any petition by or on behalf of Holdco, the Company or any of their respective subsidiaries seeking relief under the Bankruptcy Code or the voluntary wind up, dissolution or liquidation of Holdco, the Company or any of their respective subsidiaries;

14. any employment contract with the executive officers of Holdco, the Company or any of their respective subsidiaries, including any material change in the compensation or terms of employment of such executive officers, or any employee stock option plan, equity incentive plan or any other material employee benefit plan;

15. the hiring or firing of a Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of the Company;

16. any change in the principal line of business of Holdco, the Company or any of their respective subsidiaries as in effect on the closing of the Acquisition;

17. the adoption of, or amendment to, the Company's annual operating budget, capital budget and three-year financial plan, each of which will be updated annually;

EXHIBIT D

18. any public offering or private sale of equity securities (other than financing activities in the ordinary course) or any change of control of Holdco, the Company or any of their respective subsidiaries[1];

19. any transaction involving conflicts of interest between the Holdco and a Managing Member or any Affiliate thereof (including employees and directors of the Managing Member and its Affiliates) or payment of any advisory or similar fees by Holdco, the Company or any of their respective subsidiaries to the Managing Member or any such Affiliate thereof;

20. any amendment or modification of Holdco's, the Managing Members', the Company's or any of the Company's subsidiaries' organizational documents so as to change the powers, preferences or special rights of the Non-Managing Members or in a manner that would otherwise adversely affect the rights of holders of equity of such entities;

21. any filing to obtain a material governmental permit or approval, any material filing in connection with a Company rate proceeding or any material change to the rates or other charges under any Company tariff, or any material amendment to any such filings;

22. initiation, settlement or compromise of any action, suit, claim, dispute, arbitration or proceeding by or against Holdco, the Company or any of their respective subsidiaries (i) that would materially adversely affect such party, (ii) that results in aggregate value/cost of more than $[•] or (iii) would require Holdco, the Company or any of their respective subsidiaries to be subject to any material equitable relief or to take or refrain from taking any material action in connection with the conduct of its business;

23. any action (or failure to act) by Holdco, the Company or any of their respective subsidiaries that would result in any Non-Managing Member or any Affiliate of a Non-Managing Member being subject to (a) regulation as a "holding company" or a "subsidiary company" or an "affiliate" of a "holding company" or a "public-utility company" under the 1935 Act or (b) any other federal or state regulation, in each case that is reasonably determined by such affected party to have an adverse effect;

24. any modification of the name of Holdco or the Company; or

25. any contract, agreement, arrangement or commitment to do or engage in any of the foregoing.

[1] Consistent with the exit rights described in this preliminary term sheet.

Exhibit B

Removal of Managing Members

A Managing Member may be removed by a majority in interest of the Non-Managing Members upon the following events:

1. the death or legal incapacity of the individual holding, directly or indirectly, any interest in the Managing Member,

2. the commission of any felony by the Managing Member or any Affiliate thereof;

3. willful material misconduct committed by the Managing Member or any Affiliate thereof;

4. the breach of any fiduciary duty by the Managing Member or any Affiliate thereof;

5. self dealing by the Managing Member or any Affiliate thereof;

6. fraud or intentional material misrepresentation committed by the Managing Member or any Affiliate thereof;

7. intentional misappropriation by the Managing Member or any Affiliate thereof of Company funds or other Company property;

8. gross negligence of the Managing Member or any Affiliate thereof resulting in loss or damage to Holdco or the Company;

9. a material breach of this Agreement by the Managing Member or any Affiliate thereof that results in a loss or damage to Holdco or the Company;

10. the Transfer of any direct or indirect legal or beneficial interests in the Managing Member (whether occurring voluntary or by operation of law, excluding however any Transfer occurring by reason of death or legal incapacity) without the prior written consent of a majority in interest of the Non-Managing Members;

11. the bankruptcy, liquidation or insolvency of the Managing Member or any Affiliate thereof; or

The Managing Member Committee or any member thereof may be removed by a majority in interest of the Non-Managing Members upon the Managing Member Committee or any member thereof having taken any "controllable management decision" that in the reasonable judgment of a majority in interest of the Non-Managing Members has resulted in or will result in a "material failure" to achieve the results contemplated by the Company's annual business plan or operating budget, where:

EXHIBIT D

"Controllable Management Decision" means any action or omission by the Managing Member Committee or any Person acting on behalf of the Managing Member Committee, other than as a result of (1) changes in law, and (2) actions of regulators, provided, that the exception described in clause (2) shall not apply if the Managing Member Committee shall have failed to manage the relations of Holdco or the Company with any such regulators in accordance with good utility practices.

"Material failure" means the actual or projected failure to achieve the results contemplated in the Company's annual business plan or operating budget by 5% or more as of the end of an annual period.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	**Chapter 11**
ENRON CORP., et al.,	**Case No. 01-16034-(AJG)**
Debtors.	**Jointly Administered**

ORDER PURSUANT TO SECTIONS 105 AND 363 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE OF BANKRUPTCY PROCEDURE 6004 (A) AUTHORIZING AND APPROVING THE TERMS AND CONDITIONS OF AGREEMENT FOR THE SALE OF THE STOCK OF PORTLAND GENERAL ELECTRIC COMPANY AND (B) AUTHORIZING THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED THEREIN

Upon the motion, dated November __, 2003 (the "Motion")[1] of Enron Corp., as debtor and debtor in possession ("Seller"), for an order, pursuant to sections 105 and 363 of Title 11 of the United States Code (the "Bankruptcy Code"), authorizing and approving the terms and conditions of a certain Stock Purchase Agreement dated as of November ___, 2003 (the "Purchase Agreement") between Seller and Oregon Electric Utility Co. ("Purchaser") for the sale by Seller to Purchaser of all of the issued and outstanding shares, $3.75 par value per share (the "Shares"), of Portland General Electric Company (the "Company"), and authorizing the consummation of the transactions contemplated therein (the "Transaction"); and it appearing that the Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that due notice of the Motion and the hearing to be held thereon, including mailing and electronic notification, has been given in accordance with this

[1] All capitalized terms, unless otherwise defined herein, shall have the meanings defined in the Motion or in the Purchase Agreement (as defined herein).

Court's order dated _____ ___, 2003 (the "Bidding Procedures Order"), and no other or further notice need be given; and a hearing to consider the Motion and the relief requested therein having been held before this Court on _____ __, 2004 (the "Hearing"); and based upon the Motion, the exhibits annexed thereto and the evidence presented and arguments made at the Hearing, it appearing that the relief requested in the Motion is in the best interest of Seller and its chapter 11 estate; and upon due deliberation, good and sufficient cause appearing,

IT IS HEREBY FOUND AND DETERMINED AS FOLLOWS:

A. The Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these chapter 11 cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The statutory predicates for the relief sought in the Motion are sections 105(a) and 363(b) and (f) of the Bankruptcy Code.

C. The bidding procedures established by the Bidding Procedures Order (the "Bidding Procedures") have been fully complied with in all material respects by Seller and Purchaser.

D. As evidenced by the certificate of service and certificate of publication filed with the Court, and based on the representations of counsel at the Hearing, proper, timely, adequate, and sufficient notice of the Motion, the Hearing, the sale of the Shares, the Transaction, the Bidding Procedures Order, the Bidding Procedures Notice, the Auction, and a substantially similar form of this Order, has been provided in accordance with sections 102(1), 105, 363, and 1146(c) of the Bankruptcy Code and Bankruptcy

Rules 2002, 6004, and 9013 and Rule 9013-1(c) of the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules"), the Court's Second Amended Case Management Order Establishing, Among Other Things, Noticing of Electronic Procedures, Hearing Dates, Independent Website and Alternative Methods of Participation at Hearings, dated December 17, 2002 (the "Case Management Order"), and the Bidding Procedures Order, (A) to, including without limitation (i) the Office of the United States Trustee; (ii) counsel for JP Morgan Chase and Citibank, N.A., the Debtor in Possession Lenders; (iii) counsel for the Official Committee of Unsecured Creditors appointed in Seller's chapter 11 case (the "Creditors' Committee"); (iv) Purchaser and its counsel; (v) all entities known to Seller that assert any Lien or Claims (as those terms are defined herein); (vi) all parties who expressed in writing to Seller an interest in the Shares, including, but not limited to, a prior bid for the Shares, since the Petition Date; (vii) all relevant taxing authorities; (viii) counsel for the Employment-Related Issues Committee; (ix) the Examiner for Enron North America Corp., (x) the Examiner for Enron Corp.; (xi) any person, or counsel if retained, appointed pursuant to 28 U.S.C. § 1104; (xiii) all entities who had filed a notice of appearance and request for service of papers in these cases in accordance with Bankruptcy Rule 2002 and the Case Management Order; (B) by electronic notification through posting on the Bankruptcy Court's website, www.nysb.uscourts.gov; and (C) by publication of the Bidding Procedures Notice in the *Wall Street Journal* (national edition). Such notice was good and sufficient, and appropriate under the particular circumstances, and no other or further notice is required.

E. A reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein has been afforded to all interested parties and entities, including without limitation those parties set forth or referenced in Paragraph D above.

F. Seller is the legal and equitable owner of the Shares and, upon entry of this Order, has full corporate power and authority to consummate the Transaction and to comply with each and every one of its obligations thereunder or in connection therewith. The Purchase Agreement has been duly and validly authorized by all necessary corporate action of Seller.

G. No consents or approvals are required for Seller to consummate the Transaction other than those set forth in the Purchase Agreement. Neither the execution of the Purchase Agreement nor the consummation of the Transaction in accordance with its terms will constitute a violation of any provision of Seller's organizational documents, or any other instrument, law, regulation or ordinance by which Seller is bound.

H. Seller's current support of the Purchase Agreement reflects the exercise of Seller's sound business judgment, and approval at this time of the Purchase Agreement and consummation of the Transaction is in the best interests of Seller, its estate, its creditors, and other parties in interest.

I. Seller has demonstrated both (i) sufficient and sound business purpose and justification; and (ii) compelling circumstances for the Transaction in accordance with section 363(b) of the Bankruptcy Code prior to the confirmation of a chapter 11 plan in Seller's Chapter 11 case. In support of this conclusion, the Court finds the following facts to be true. First, there can be no assurance that Purchaser would be willing to consummate the Transaction if required to wait for approval of the Transaction as part of

confirmation of Seller's chapter 11 plan. Second, Seller has acted with care and loyalty when considering whether to sell the Shares pursuant to the Purchase Agreement and does not rely on advice from an advisor who has a material conflict of interest.

J. The purchase price in the Purchase Agreement is fair and reasonable and provides reasonably equivalent value. In support of this conclusion, the Court finds the following facts to be true. The bidding and auction procedures were fair and designed to maximize the purchase price and were implemented in a fair manner. Following more than two years of extensive marketing of the Shares by Seller, the proposed sale of the Shares was widely publicized, all potential bidders who wanted to participate were allowed to bid, no bidder was unsuccessful in attempting to communicate a higher bid, and competitive bidding for the Shares was not stifled. Moreover, the price was (1) negotiated at arms length between commercially sophisticated entities after extended and vigorous negotiations, (2) not the product of collusion among potential bidders or between Seller and Purchaser, (3) not the product of any other unfair or inequitable conduct, and (4) the highest and best price offered.

K. The parties to the Transaction acted in good faith. In support of this conclusion, the Court finds the following facts to be true. First, the sale was negotiated at arms-length between two commercially sophisticated entities. Second, there was no fraud associated with any part of this transaction. Third, Purchaser did not collude with Seller or any other bidder. Fourth, Purchaser did not attempt to take unfair advantage of any other bidder. Fifth, neither Seller nor Purchaser attempted to or did exclude a bidder from participating in the auction. Sixth, neither Seller nor Purchaser has contrived an

emergency. Seventh, Purchaser will pay reasonably equivalent value for the Shares and was the highest bidder.

L. Purchaser acted in good faith as defined in 11 U.S.C. § 363(m). Nothing in this Order conditions the sale on the outcome of an appeal. Nothing in this Order or the Purchase Agreement waives Purchaser's rights under 11 U.S.C. § 363(m).

M. The Purchase Agreement does not (1) dictate any future chapter 11 plan, (2) impermissibly restructure the rights of creditors, (3) require the creditors to vote for any specified chapter 11 plan, or (4) attempt to circumvent the disclosure requirements of chapter 11.

N. The consummation of the Transaction (the "Closing") shall (i) constitute a legal, valid, and effective transfer of property of Seller's estate to Purchaser, and (ii) vest Purchaser with good title to the Shares, free and clear of all liens, claims, encumbrances and interests of any kind or nature in accordance with section 363(f) of the Bankruptcy Code because one or more of the standards set forth in sections 363(f)(1)-(5) of the Bankruptcy Code have been satisfied. Those non-debtor parties with liens, claims, encumbrances and interests of any kind or nature whatsoever in the Shares who did not object to the Motion and the relief requested therein, or who withdrew their objections to the Motion, are deemed to have consented pursuant to section 363(f)(2) of the Bankruptcy Code.

O. The Purchase Agreement is a valid and binding contract between Seller and Purchaser, which contract is and shall be enforceable according to its terms.

P. All of the provisions of the Purchase Agreement are nonseverable and mutually dependent.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

General Provisions

1. The Motion shall be, and it hereby is, granted.

2. All objections, if any, to the Motion or the relief requested therein that have not been withdrawn, waived or settled are hereby overruled on the merits.

Approval of the Purchase Agreement

3. The terms and conditions of the Purchase Agreement and Transaction are hereby approved in all respects, and are hereby approved and authorized under sections 105 and 363(b) of the Bankruptcy Code.

4. Pursuant to section 363(b) of the Bankruptcy Code, Seller is hereby authorized and empowered to fully assume, perform under, consummate and implement the Purchase Agreement and all obligations contemplated therein, together with all additional instruments and documents contemplated therein or that may be reasonably necessary to implement or further the intentions and provisions of the Purchase Agreement.

Transfer of Shares

5. Pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, upon Closing, the Shares shall be transferred to Purchaser, free and clear of all security interests, pledges, liens, judgments, demands, encumbrances, restrictions or charges of any kind or nature, if any, including, but not limited to, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership (the foregoing collectively referred to as "Liens" herein) and all debts arising in any way in connection with any acts of Seller, claims (as such term is defined in the Bankruptcy Code),

obligations, demands, guaranties, options, rights, contractual commitments, restrictions, interests and matters of any kind and nature, arising prior to the Closing or relating to acts occurring prior to the Closing, and whether imposed by agreement, understanding, law, equity or otherwise (the foregoing collectively referred to as "Claims" herein), in accordance with section 363(f) of the Bankruptcy Code, with any such Liens and Claims (including the DIP Liens)[2] to attach to the proceeds of the Transaction, with the same validity, enforceability, priority, force and effect that they now have as against the Shares, subject to the rights, claims, defenses and objections, if any, of Seller and all interested parties with respect to such Liens and Claims.

6. All persons and entities, including, but not limited to, all (a) holders of Seller's indebtedness, (b) debt security holders, (c) equity security holders, (d) governmental, tax, and regulatory authorities, (e) lenders, and (f) trade and other creditors, holding Liens or Claims against Seller or the Shares (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or noncontingent, senior or subordinated), arising on or before the Closing, or out of, under, in connection with, or in any way relating to, events occurring prior to the Closing, with respect to the Shares hereby are forever barred, estopped, and permanently enjoined from asserting such Liens and Claims of any kind and nature against Purchaser, its successors or assigns, their property, the Shares, or the Company.

[2] As defined in the Final Order Authorizing Debtors to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2) and 364(d)(1), dated July 2, 2002, as supplemented by the Order Authorizing, Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3) and 364(d)(1), Amendment of DIP Credit Agreement to Provide for Extension of Post-Petition Financing, dated May 8, 2003 (the "Final Order").

The claims, if any, of the Pension Benefit Guaranty Corporation ("PBGC") relating to any pension plan sponsored or maintained (or formerly sponsored or maintained) by Seller, or any other trade or business, whether or not incorporated, that together with Seller would be deemed a "single employer" under Section 414 of the Internal Revenue Code of 1986, shall attach to the proceeds of the transaction, with the same validity, enforceability, priority, force and effect as they have against the Company.

8. The Transaction contemplated by the Purchase Agreement is not subject to taxation under any federal, state, local, municipal or other law imposing or purporting to impose a stamp, transfer, recording, sale or any other similar tax in accordance with sections 1146(c) and 105(a) of the Bankruptcy Code.

Additional Provisions

9. This Order (i) is and shall be effective as a determination that, all Liens existing as to the Shares prior to the Closing shall, upon consummation of the Transaction, have been unconditionally released, discharged and terminated in accordance with section 363(f) of the Bankruptcy Code, and that, upon consummation of the Transaction, the conveyance of the Shares described herein will have been effected, and (ii) is and shall be binding upon and shall govern the acts of all entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments.

10. Each and every federal, state, and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated in the Purchase Agreement.

11. If any person or entity that has filed documents or agreements evidencing Liens on or interests in the Shares shall not have delivered to Seller prior to the Closing, in proper form for filing and executed by the appropriate parties, releases of all such Liens or other interests that the person or entity has with respect to the Shares, then (i) Seller is hereby authorized and directed to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Shares and (ii) Purchaser is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered, or otherwise recorded, shall constitute conclusive evidence of the release of all such Liens or other interests of any kind or nature whatsoever in the Shares.

12. Other than Purchaser's obligations as owner of the Company after consummation of the Transaction, neither Purchaser nor the Company is assuming nor shall it in any way whatsoever be liable or responsible, as a successor for any liabilities, debts, commitments or obligations (whether known or unknown, disclosed or undisclosed, absolute, contingent, inchoate, fixed or otherwise) of Seller or its operations, or any liabilities, debts, commitments or obligations in any way whatsoever relating to or arising from the Shares or Seller's use or control of the Shares on or prior to the Closing, or any such liabilities, debts, commitments or obligations that in any way whatsoever relate to the Shares during periods on or prior to the Closing or that are to be observed, paid, discharged or performed on or prior to the Closing, or any such liabilities calculable by reference to Seller or its assets or operations, or relating to Seller's continuing conditions existing on or prior to the Closing, which liabilities, debts, commitments and obligations are hereby extinguished insofar as they may give rise to successor liability,

without regard to whether the claimant asserting any such liabilities, debts, commitments or obligations has delivered to Purchaser or Company a release thereof. Without limiting the generality of the foregoing, except to the extent that Purchaser shall have obligations that arise from its status as owner of the Company after consummation of the Transaction, Purchaser shall not become liable or responsible, as a successor for Seller's liabilities, debts, commitments or obligations arising prior to, on or after the Closing and under or in connection with (i) any employment or labor agreements, consulting agreements, severance arrangements, change-in-control agreements or other similar agreement to which Seller is a party, (ii) any pension, welfare, compensation or other employee benefit plans, agreements, practices and programs, including, without limitation, any pension plan of Seller, (iii) the cessation of Seller's operations, dismissal of employees, or termination of employment or labor agreements or pension, welfare, compensation or other employee benefit plans, agreements, practices and programs, obligations that might otherwise arise from or pursuant to the Employee Retirement Income Security Act of 1974, as amended, the Fair Labor Standard Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination and Employment Act of 1967, the Federal Rehabilitation Act of 1973, the National Labor Relations Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, COBRA, or the Worker Adjustment and Retraining Notification Act, (iv) workmen's compensation, occupational disease or unemployment or temporary disability insurance claims, (v) environmental liabilities, debts, claims or obligations arising from conditions first existing on or prior to Closing (including, without limitation, the presence of hazardous, toxic, polluting, or contaminating substances or wastes), which may be asserted on any basis, including,

without limitation, under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., (vi) any bulk sales or similar law, (vii) any liabilities, debts, commitments or obligations of, or required to be paid by, Seller for any taxes of any kind for any period, (viii) any liabilities, debts, commitments or obligations for any taxes relating to Seller's business or the Shares for or applicable to the pre-Closing tax period, (ix) any litigation, and (x) any other liability or similar claims, whether pursuant to any state or any federal laws or otherwise.

13. The recitation, in the immediately preceding paragraph of this Order, of specific agreements, plans or statutes is not intended, and shall not be construed, to limit the generality of the categories of liabilities, debts, commitments or obligations referred to therein.

14. Except as otherwise expressly provided in the Purchase Agreement or herein, no person or entity shall assert by suit or otherwise against Purchaser or its successors in interest any claims, liabilities, debts or obligations inconsistent with the provisions of this Order.

15. The Court shall retain jurisdiction (i) to enforce and implement the terms and provisions of the Purchase Agreement, all amendments thereto, any waivers and consents thereunder, and of each of the agreements executed in connection therewith, (ii) to compel delivery of the Shares to Purchaser and to compel delivery of the Purchase Price to the Seller, (iii) to resolve any disputes, controversies or claims arising out of or relating to the Purchase Agreement, and (iv) to interpret, implement, and enforce the provisions of this Order.

16. Until the earlier of the Closing Date or valid termination of the Purchase Agreement in accordance with the provisions thereof, none of Seller, its representatives, the Company or the Company's representatives shall directly or indirectly, solicit, accept, facilitate, review, cooperate with, discuss, or provide information in connection with, any offer, inquiry, proposal, bid or indication of interest from any Person, or respond to any inquiries from or engage in any negotiations with any Person, or share any information regarding Purchaser or the Company, with respect to or in possible contemplation of any transaction involving a purchase or other acquisition of the Shares, other than the Transaction. Additionally, none of Seller, its representatives, the Company or the Company's representatives shall assist, cooperate with or help to facilitate any other Person in taking any of the actions contemplated by the preceding sentence. Notwithstanding the foregoing, Seller may take limited and appropriate actions to preserve its ability to effect a distribution of the Shares to its existing creditors pursuant to its chapter 11 plan as an alternative transaction in the event that the Purchase Agreement is validly terminated pursuant to Section 3.2 thereof, provided that this sentence shall not permit Seller to take any action inconsistent with the Purchase Agreement or consummation of the Transaction.

17. No person shall take any action to prevent, interfere with, or otherwise enjoin consummation of the transactions contemplated in accordance with the Purchase Agreement or this Order.

18. Nothing contained in any chapter 11 plan confirmed in this chapter 11 case or any Order of this Court confirming such plan or any other order entered in this

chapter 11 case shall conflict with or derogate from the provisions of the Purchase Agreement, to the extent modified by this Order, or the terms of this Order.

19. The terms and provisions of the Purchase Agreement, to the extent modified by this Order, together with the terms and provisions of this Order, shall be binding in all respects upon, and shall inure to the benefit of, Seller, its estate and creditors, Purchaser, its affiliates, and their respective successors and assigns, and this Order shall be binding in all respects upon any affected third parties, and all persons asserting a Claim against or interest in Seller's estate or any of the Shares to be sold to Purchaser pursuant to the Purchase Agreement. The Purchase Agreement and the transactions contemplated thereby shall be specifically performable and enforceable against and binding upon, and not subject to rejection or avoidance by, Seller or any chapter 7 or chapter 11 trustee of Seller and its estate, and/or any trust established by Seller to hold or distribute all or any part of its assets.

20. All amounts, if any, that become payable by Seller pursuant to the Purchase Agreement shall (a) constitute administrative expenses pursuant to Sections 503(b) and 507(a) of the Bankruptcy Code and (b) be due and payable and, subject to any right, claim or defense of the Sellers, paid by such Seller in the time and manner as provided in the Purchase Agreement, without further order of the Court.

21. The failure specifically to include any particular provisions of the Purchase Agreement in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Purchase Agreement be authorized and approved in its entirety, subject to the provisions of this Order.

22. Notwithstanding anything contained herein to the contrary, nothing in this Order or the Purchase Agreement approved hereby release Seller or Purchaser and their respective affiliates from any claims of the United States, or modify, alter, impair or in any way affect the application of any laws or regulations of the United States.

23. The Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto in accordance with the terms thereof without further order of the Court; provided, however, that, in connection therewith, the parties shall obtain the prior written consent of the Creditors' Committee, which consent shall not be unreasonably withheld; and provided, further, that any such modification, amendment or supplement shall neither be material nor materially change the economic substance of the transactions contemplated hereby.

24. In the event Seller transfers the Shares to any trust or other entity prior to the Closing, such trust or other entity shall be bound by the terms and provisions of the Agreement as if it were Seller thereunder.

25. All proceeds received by Seller from the consummation of the Transaction shall be held by Seller and Seller shall neither use nor distribute such proceeds until the earlier to occur of (i) consent of the Creditors' Committee to the release of such proceeds and (ii) further order of the Court.

26. To the extent of any inconsistency between the provisions of the Purchase Agreement, any documents executed in connection therewith, and this Order, the provisions contained herein shall govern.

27. The ten (10) day stay period provided for in Bankruptcy Rule 6004(g) shall not be in effect with respect to the Transaction, and, thus, this Order shall be effective and enforceable immediately upon entry.

Dated: New York, New York
_____, 2003

_____
HONORABLE ARTHUR J. GONZALEZ
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT F

November ___, 2003

DAVID B. SMITH
ASSOCIATE DIRECTOR
DIVISION OF INVESTMENT MANAGEMENT
SECURITIES AND EXCHANGE COMMISSION
450 FIFTH STREET, N.W.
WASHINGTON, D.C. 20549

Dear Mr. Smith:

We are writing on behalf of TPG Partners III, L.P. and TPG Partners IV, L.P. (together "TPG") and [describe financial co-investor] (the "Co-Investor," and together with TPG, the "Non-Managing Members") in connection with the proposed transaction described below (the "Proposed Transaction"), to request your written confirmation that, as a result of the Proposed Transaction, the Division of Investment Management (the "Division" or the "Staff") will not recommend that the Securities and Exchange Commission (the "Commission") institute enforcement action under the Public Utility Holding Company Act of 1935, as amended (the "Act") to deem any of the Non-Managing Members or their affiliates or associate companies to be a "holding company" or an "affiliate" of a "public utility company" as such terms are defined in Sections 2(a)(7), 2(a)(11)(A) and 2(a)(5), respectively, of the Act.

I. Factual Background

A. Structure of the Proposed Transaction

The Proposed Transaction will consist of the acquisition of all of the capital stock of Portland General Electric Company, an Oregon corporation ("PGE") by Oregon Electric Utility Company, LLC, an Oregon limited liability corporation ("Holdco"). PGE is and, after completion of the Proposed Transaction, will continue to be an "electric-utility company" and a "public-utility company" for purposes of the Act. Upon completion of the Proposed Transaction, Holdco will be a "holding company" within the meaning of the Act. Holdco intends to file an application for an order of exemption under Section 3(a)(1) of the Act [or, Holdco intends to claim, upon completion of the Proposed Transaction, exemption from registration under the Act pursuant to Rule 2 under Section 3(a)(1) of the Act].

At the time of the closing of the Proposed Transaction, Holdco will have a managing member and two non-managing members as provided below. A chart of the ownership structure of Holdco is attached hereto as Exhibit A.

i) The Managing Member

The managing member of Holdco will be [Newco], a newly formed Oregon limited liability company (the "Managing Member"). The members of the Managing Member are former Oregon Governor Neil Goldschmidt, Gerald Grinstein and Tom Walsh (collectively, the "Management Committee"). Each of the members of the Managing Member is independent of, and has no prior business relationship with, any of TPG and the Non-Managing Members. Brief professional biographies of the members of the Management Committee are attached hereto as Exhibit B. The Managing Member will hold 98% of the voting membership interests in Holdco. [discuss Management Committee decision making process and other relevant facts]

As the holder of the voting interests in Holdco, the Managing Member will control Holdco and have the power and authority to take such actions from time to time as the Managing Member may deem to be necessary, appropriate or convenient in connection with the management and conduct of the business and affairs of Holdco. The Managing Member shall also have the authority to take all actions on behalf of Holdco acting in its capacity as the sole shareholder of PGE.

ii) The Non-Managing Members

The non-managing members of Holdco will be the Non-Managing Members.

TPG Partners III, LP and TPG Partners IV, LP are managed by Texas Pacific Group, a private equity management firm that manages funds whose investors include state and private company pension funds as well other institutional and private investors. Texas Pacific Group has significant experience working in regulated industries including airlines, financial services and healthcare. Since its founding in 1993, Texas Pacific Group has invested in more than 50 companies, of which it continues to own more than 30. These companies have combined revenues of more than $25 billion and employ more than 175,000 employees.

TPG will maintain a significant economic interest in Holdco and thereby PGE, but will have no control over the day-to-day operations of Holdco or PGE. Neither TPG nor any of its affiliates will provide any goods or services to Holdco or PGE; provided that TPG and its affiliates may be reimbursed for costs and expenses, including an allocable portion of overhead, incurred in the connection with the performance of its duties and exercise of its rights under the LLC Agreement governing the management of Holdco and the relationship between the Managing Member and the Non-Managing Members (the "LLC Agreement").[1]

[1] Passive investors (such as preferred shareholders, for example) are customarily reimbursed for expenses in connection with monitoring their investment. Any payments to the Non-Managing Members or their affiliates will be subject to examination by the Oregon Public Utility Commission ("Oregon Commission"), and the Non-Managing Members will undertake to make the books and records of itself and its affiliates available to the Oregon Commission in this regard.

[Insert description of the Co-Investor]

The Non-Managing Members, as the holder of the non-voting membership interests of Holdco, will have no power to manage and administer the business of Holdco. Pursuant to the terms of the LLC Agreement, the Non-Managing Members will have consent rights with respect to various matters which are fundamental to maintaining the nature of the Non-Managing Members' economic investment, and which conform with the precedent for such consent rights established in prior no-action letters issued by the Commission. *See, e.g., kl Ventures* (July 28, 2003); *General Electric Capital Corporation* (April 25, 2002); *SW Acquisition, L.P.* (April 12, 2000). The following paragraphs set forth the various matters that will require the prior consent of the Non-Managing Members and provide a brief explanation of why they are important.[2]

(a) Fundamental Ownership Issues: The Non-Managing Members, as passive investors, must have assurance that its economic interest in Holdco will not be diluted or otherwise impaired. The ability of the Managing Member to issue any form of equity would greatly endanger the Non-Managing Members' ownership interest.[3] Similarly, the ability to incur excessive debt has the potential (certainly upon liquidation) to transfer the value of Holdco from its equity holders to its debt holders. Accordingly, the following consent rights are necessary:

1. any declaration, setting aside or payment of any dividend or other similar distribution (including a redemption or repurchase of capital) in respect of any class of capital stock of Holdco, PGE or any of their respective subsidiaries, other than payments of cash dividends on the Preferred Stock of PGE outstanding as of the date of the Acquisition in accordance with the terms of the Preferred Stock as in effect on the date of the Acquisition;

2. any authorization, sale, issuance or redemption of equity securities (or any warrants, options or rights to acquire equity securities or any securities convertible into or exchangeable for equity securities) of Holdco, PGE or any of their respective subsidiaries, other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

3. any incurrence of indebtedness by Holdco, PGE or any of their respective subsidiaries in the aggregate in excess of $[•] (a) for borrowed money, (b) evidenced by notes, bonds, debentures or other similar instruments, (c) under capital or financing leases or installment sale agreements or (d) in the nature

[2] The consent rights are also listed on Exhibit C attached hereto.

[3] For this reason, the prior written consent of the Managing Member and the Non-Managing Member is required for the admission of additional Non-Managing Members.

of guarantees of the obligations described in clauses (a) through (c) of any other person or entity, other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

4. any public offering or private sale of equity securities (other than financing activities in the ordinary course) or any change of control of Holdco, PGE or any of their respective subsidiaries;

5. any employment contract with the executive officers of Holdco, PGE or any of their respective subsidiaries, including any material change in the compensation or terms of employment of such executive officers, or any employee stock option plan, equity incentive plan or any other material employee benefit plan;

(b) Fundamental Organizational Issues: Again, as passive investors, the Non-Managing Members must have assurances that the nature of its investment will not be changed unilaterally by the Managing Member. The Non-Managing Members' investment in Holdco is predicated upon a certain set of assumptions as to the organization of and business to be conducted by Holdco. The following consent rights are intended to maintain the assumptions underlying the Non-Managing Members' investment:

1. any recapitalization, reorganization, reclassification, merger, consolidation, liquidation, dissolution or other winding up, spin-off, subdivision or other combination;

2. any amendment or modification of Holdco's, the Managing Members', PGE's or any of PGE's subsidiaries' organizational documents so as to change the powers, preferences or special rights of the Non-Managing Members or in a manner that would otherwise adversely affect the rights of holders of equity of such entities;

3. any modification of the name of Holdco or PGE;

4. any joint venture, partnership or other material operating alliance by Holdco, PGE or any of their respective subsidiaries with any other person;

5. any voluntary proceeding or filing of any petition by or on behalf of Holdco, PGE or any of their respective subsidiaries seeking relief under the Bankruptcy Code or the voluntary wind up, dissolution or liquidation of Holdco, PGE or any of their respective subsidiaries;

6. any change in the principal line of business of Holdco, PGE or any of their respective subsidiaries as in effect on the closing of the Acquisition;

(c) Major Operational Issues: Certain transactions or events undertaken or occurring in the operation of Holdco, due to their nature, size, or timing, have the potential to materially effect the economic interest of the passive investor. While the Managing Member will have day to day control of the business and operations of Holdco, each of the Non-Managing Members must be able to protect its investment in the event that the Managing Member seeks to engage in transactions of an extraordinary nature such as those addressed by the following consent rights:

1. the entering into or amendment of any contract, agreement, arrangement or commitment with respect to the procurement of goods or services which creates or could reasonably be expected to create a financial obligation in an amount, whether payable at one time or in a series of payments, in excess of $[•], except as contemplated by any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

2. any capital expenditures in an amount greater than $[•], in any transaction or series of related transactions, except as contemplated by the then-current annual operating or capital budget approved in accordance with these consent rights;

3. any purchase, lease or other acquisition of any securities or assets of any other person, except for acquisitions of securities, products, supplies and equipment in the ordinary course of business consistent with past practice or acquisitions pursuant to the then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

4. any sale, lease, exchange, transfer, or other disposition of Holdco's, PGE's or their respective subsidiaries' assets or businesses on a consolidated basis (including, without limitation, the capital stock of any subsidiary), except to the extent that such transactions in any fiscal year in aggregate do not exceed $[•]/[•]% of such entity's net revenues], as determined by an independent appraiser of national standing;

5. any material change in accounting policies, practices or principles, or voluntarily change in Holdco's or PGE's outside independent auditor or accountants;

6. the hiring or firing of a Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of PGE;

7. the adoption of, or amendment to, PGE's annual operating budget, capital budget and three-year financial plan, each of which will be updated annually;

8. any filing to obtain a material governmental permit or approval, any material filing in connection with a Company rate proceeding or any material change

to the rates or other charges under any Company tariff, or any material amendment to any such filings;

9. initiation, settlement or compromise of any action, suit, claim, dispute, arbitration or proceeding by or against Holdco, PGE or any of their respective subsidiaries (i) that would materially adversely affect such party, (ii) that results in aggregate value/cost of more than $[•] or (iii) would require Holdco, PGE or any of their respective subsidiaries to be subject to any material equitable relief or to take or refrain from taking any material action in connection with the conduct of its business;

10. any loan or advance (not specified in clause 4) to any person, other than trade credit in the ordinary course of business consistent with past practice;

11. any redemption, acquisition, cancellation or prepayment of a complete or partial discharge in advance of a scheduled payment date with respect to, any material modification or other material amendment of any terms of, or waiver of any material right under, any indebtedness of Holdco, PGE or any of their respective subsidiaries (whether for borrowed money or otherwise), other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

(d) Interested Party Transactions: Certain events or transactions present a higher potential for self-dealing. Given that the Managing Member will have day to day control of the Holdco, there exists the possibility that the Managing Member could direct the business of Holdco so as to enrich himself or his affiliates by entering into transactions not on an arm's length basis and not in the best interest of Holdco, thereby necessitating the following consent right:

1. any transaction involving conflicts of interest between the Holdco and a Managing Member or any Affiliate thereof (including employees and directors of the Managing Member and its Affiliates) or payment of any advisory or similar fees by Holdco, PGE or any of their respective subsidiaries to the Managing Member or any such Affiliate thereof;

(e) Public Utility Holding Company Act of 1935. Finally, the Non-Managing Members do not intend to become subject to regulation pursuant to the Public Utility Holding Company Act of 1935. Accordingly, it is reasonable to restrict the Managing Member from taking or failing to take any action involving:

1. any action (or failure to act) by Holdco, PGE or any of their respective subsidiaries that would result in any Non-Managing Member or any Affiliate of a Non-Managing Member being subject to (a) regulation as a "holding company" or a "subsidiary company" or an "affiliate" of a "holding company" or a "public-utility company" under the 1935 Act or (b) any other federal or

state regulation, in each case that is reasonably determined by such affected party to have an adverse effect;

iii) Removal of the Managing Member

Also in accordance with the precedent established in prior no-action letters, the LLC Agreement will provide that the Non-Managing Members will have certain rights to remove the Managing Member in the event that the Non-Managing Members' fundamental economic interest is endangered by the Managing Member's failure to manage Holdco effectively. More specifically, the Managing Member may be removed upon the death or incapacity of the individual sole member of the Managing Member, or for "cause," which is defined to include specified acts of malfeasance or nonfeasance as well as any "*controllable management decision*" by the Managing Member that in the reasonable judgment of the Non-Managing Members has resulted in or will result in, a "*material failure*" to achieve the results contemplated by the then-current annual operating or capital budget and business plan.[4]

Upon removal of the Managing Member, the Non-Managing Members shall be entitled to elect or appoint a new Managing Member.[5] In so doing, the Non-Managing Members must take into account 1935 Act concerns and so, the Non-Managing Members would not replace the Managing Member in an attempt to influence control of Holdco or PGE because any replacement Managing Member that is dominated or controlled by the Non-Managing Members would jeopardize the status of the Non-Managing Members (and TPG) under Section 2(a)(7) of the Act.

The rights of the Non-Managing Members to remove the Managing Member and the provisions regarding the appointment of a new Managing Member are set forth in detail in Exhibit D attached hereto.

iv) Exit Rights

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[4] The term "controllable management decision" is defined to mean any action or omission by the Managing Member Committee or any Person acting on behalf of the Managing Member Committee, other than as a result of (1) changes in law, and (2) actions of regulators, provided, that the exception described in clause (2) shall not apply if the Managing Member Committee shall have failed to manage the relations of Holdco or the Company with any such regulators in accordance with good utility practices.

The term "material failure" means the actual or projected failure to achieve the results contemplated in the Company's annual business plan or operating budget by 5% or more as of the end of an annual period.

[5] TPG is seeking relief only with respect to the current parties. The parties will seek such additional relief or authority as may be required for any replacement Managing Member in the future.

The LLC Agreement will also provide that the Non-Managing Members will have the right to effect the sale of PGE. This right comports with precedent and of course can only be exercised in accordance with applicable law and regulation.

B. Management Structure of PGE

It is expected that PGE's current operational management team will continue to serve in its present capacity after the Proposed Transaction.

In addition to the operational management team, PGE will have a board of directors. The members of such board will be nominated and elected by Holdco and will report to Holdco. The board will be comprised of individuals who collectively possess (i) the level of management experience that is required to effectively oversee the operations of PGE and make prudent business decisions, (ii) the technical experience necessary to assure the successful operation of an electricity utility company, and (iii) first hand knowledge of the current and potential needs and concerns of the consumers of electricity in the State of Oregon. These collective qualification requirements will ensure that the board will be comprised of individuals who can best serve the needs of the company and its customers

At the time of closing, all current PGE Board members will resign and Holdco will appoint new members. It is anticipated that Neil Goldschmidt will become Chairman of the Board and Gerald Grinstein and Tom Walsh will be Board members. The balance of the Board is expected to include one or more officers of PGE, other prominent Oregonians, national business leaders and representatives of TPG as discussed herein. In short, the Board will have very substantial local representation.

II. Issues Arising under the Act

As a result of the Proposed Transaction, Holdco will own all of the capital stock of PGE and thus will be a "holding company" as defined in Section 2(a)(7) of the Act. As a holding company, the Non-Managing Members and the Managing Member anticipate that Holdco will qualify for an exemption from registration pursuant to Section 3(a)(1) of the Act because Holdco and PGE will be predominantly intrastate in character and will carry on their business solely within Oregon, the state in which both Holdco and PGE are organized. In addition, as the managing member of Holdco, the Managing Member also will become a "holding company" and will qualify for an exemption under Section 3(a)(1) of the Act. [6]

For the reasons described below, it is our opinion that neither of the Non-Managing Members should not be deemed to be a "holding company" or an "affiliate" (as such terms are defined in Sections 2(a)(7) and 2(a)(11)(A) of the Act, respectively) of the Managing

[6] The availability of an exemption for Holdco and the Managing Member pursuant to Section 3(a)(1) of the Act is not a condition precedent to the consummation of the Proposed Transaction.

Member, Holdco or PGE because the Non-Managing Members will not (A) directly or indirectly, own, control or hold with the power to vote "voting securities" of a public utility company or of a holding company, as the term "voting securities" is defined in Section 2(a)(17) of the Act, or (B) exercise "a controlling influence over the management or policies" of a public utility or of a holding company such that regulation is required under the Act.

A. The Membership Interest of the Non-Managing Members Is Not a Voting Security

A "voting security" is defined in Section 2(a)(17) of the Act as "any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a company." The Commission has issued a number of no-action letters supporting our conclusion that the consent rights associated with each of the Non-Managing Member's interest in Holdco do not cause that interest to be considered a "voting security" under the Act. *See, e.g., . kl Ventures; General Electric Capital Corporation*; *SW Acquisition, L.P.*; *Berkshire Hathaway, Inc.* (March 10, 2000); *Torchmark Corp.* (January 19, 1996); *Commonwealth Atlantic L.P.* (November 30, 1991); *Nevada Sun-Peak L.P.* (May 14, 1991); and *John Hancock Mutual Life Ins. Company* (July 23, 1986). In this series of no-action letters, the Staff has identified numerous types of consent rights that do not cause the holder of such rights to have a vote in the direction or management of the underlying holding company or utility. Instead, the Staff has recognized that these consent rights are intended to protect the investment of the limited partners or preferred shareholders, similar to the rights granted to debt holders by means of negative covenants in debt instruments. The consent rights granted to the Non-Managing Members fall squarely within the boundaries outlined in prior no-action letter requests.[7]

For instance, in *SW Acquisition, L.P.*, the Staff confirmed the position taken by the applicant that limited partners holding 99.9% of the total equity of the partnership (with the largest limited partner owning a 24.38% interest) would not be deemed to hold voting securities in the partnership (and thus would not be deemed a holding company or an affiliate of the electric utility that was owned by such partnership), despite the considerable consent rights granted to its limited partners. In that case, the limited partners were granted consent rights concerning: (i) distributions under the partnership agreement, (ii) a public offering of the securities of the partnership or its subsidiaries, (iii) changes in the aggregate of greater than 15% to the business plan and annual operating budget, (iv) contracts for goods and services, or the incurrence of indebtedness, in excess of $1 million, except in accordance with the current business plan and annual budget, (v) mergers, joint ventures, partnerships and similar transactions, (vi) capital expenditures that vary from the current budget by $5 million or more, (vii) material changes in accounting practices or a change of the partnership's accountant, (xiii) initiating actions or suits in excess of $1 million, and (ix) adopting material employee benefits plans or employment agreements. This list of consent rights expanded upon the consent rights

[7] These rights are also consistent with the types of consent rights granted to preferred stockholders under the Commission's former "Statement of Policy Concerning Preferred Stock."

described in prior no-action letter requests and provided the limited partners with significant protections from adverse actions by the partnership with respect to financial matters, extraordinary corporation transactions and events, as well as potential conflicts with the general partner.

More recently, in *General Electric Capital Corporation*, the Staff concurred with the opinion that the limited partnership interests described in that request did not constitute "voting securities" based on factual circumstances similar to those set forth in this letter. In *General Electric Capital Corporation*, the single limited partner held 99.82% of the equity of the partnership, and the limited partner was granted consent rights with respect to a broad array of events.[8] The consent rights to be held by the Non-Managing Members in this matter closely match the consent rights granted to the limited partner in *General Electric Capital Corporation*.

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[8] In particular, the Limited Partner in *General Electric Capital Corporation* held consent rights with respect to each of the following events: (i) any reorganization, merger, consolidation, liquidation, dissolution or similar transaction (provided that the foregoing could be accomplished by the general partner so long as a threshold return on investment was achieved for the limited partner, such transaction being a "Qualified Event"), (ii) any distribution by a subsidiary of the Partnership, (iii) the sale, issuance or redemption of equity securities that might affect the Limited Partner's interest in the Partnership, except upon the occurrence of a Qualified Event, (iv) the voluntary incurrence of indebtedness in excess of $10,000,000, or the prepayment or waiver of any indebtedness, (v) any agreement for goods or services in excess of $2,000,000 other than in accordance with any then current annual operating or capital budget and business plan, (vi) capital expenditures greater than $2,000,000 per event or series of related events (but not otherwise cumulatively) more than the amount contemplated by the then current annual operating or capital budget, (vii) the purchase, lease or other acquisition of any securities or assets, except in the ordinary course of business or pursuant to the then current annual operating or capital budget and business plan, (viii) the disposition of 25% or more of the fair market value of the [holding company's or operating company's] assets or businesses, (ix) the entering into of any joint venture, partnership or other material operating alliance with any other person, (x) the making of any material change in accounting practices, (xi) the commencement of any bankruptcy proceeding, (xii) any employment contract with an executive officer or any employee stock option plan or any other material employee benefit plan, (xiii) the changing of the principal line of business of the [holding company or operating company], (xiv) the adoption of any change in an annual operating or capital budget of more than 15% or the adoption of any annual operating or capital budget that is inconsistent with the business plan, (xv) the exercising of its right to vote the equity interests of any subsidiary of the Partnership in extraordinary circumstances, (xvi) the effectuation of a public offering or private sale or other change of control, (xvii) any transaction involving conflicts of interest between the Partnership and the General Partner, (xviii) the amendment of the Partnership's or the General Partner's organizational documents adversely affecting the Limited Partner, (xix) actions regarding material governmental permit or approval rate proceeding, (xx) the settlement or compromise of any action that would materially adversely affect the Partnership or require the payment of more

Also recently, in *kl Ventures*, the Staff concurred with the opinion that the non-managing membership interests described in that request did not constitute "voting securities" based on factual circumstances again similar to those set forth in this letter. In *kl Ventures*, the single non-managing member held 99.9% of the membership interests of the limited liability company, and the non-managing member held consent rights concerning a wide variety of events.[9] The consent rights to be held by the Non-Managing Members in this matter also closely match the consent rights granted to the non-managing member in *kl Ventures*.

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than $2,000,000, (xxi) any action (or failure to act) resulting in the Limited Partner being subject to regulation as a "holding company" or a "subsidiary company" or an "affiliate" of a "holding company" or a "public-utility company" under the 1935 Act, (xxii) the entering into of any contract, agreement, arrangement or commitment to do or engage in any of the foregoing.

[9] In particular, the Non-Managing Member in *kl Ventures* held consent rights with respect to each of the following events at both the holding company and the operating company level: (i) any transactions with the Managing Member or any Affiliate of the Managing Member; (ii) any distributions to the members of the LLC; (iii) (x) any offering or issuance of equity securities or interests, or any instrument convertible into any equity security or interest or (y) any offering or issuance of debt securities or other voluntary incurrence of indebtedness in excess of $300,000 in the aggregate, other than in accordance with the Annual Business Plan and Operating Budget; (iv) any modification of name; (v) changes in the principal line of business; (vi) any amendments to organizational documents; (vii) any entry into contracts for goods and services, individually or in a series or related transactions in excess of $300,000, other than in accordance with the Annual Business Plan and Operating Budget; (viii) any capital expenditures, or capital expenditures commitment, that vary from the Operating Budgets by $750,000 per event or series of related events but otherwise not cumulatively; (ix) any merger, joint venture, partnership or similar transaction, or liquidation, winding-up or dissolution; (x) any disposition of any businesses or assets or any acquisition of any stock or assets of another entity (other than in the ordinary course of business and provided that such disposal or acquisition is not significant in nature) or any entering into any new line of business; (xi) any creation of a new class of equity; (xii) any material change in accounting practices or change in accountant; (xiii) the commencement of any bankruptcy or receivership proceeding; (xiv) the initiation or settlement of any litigation, arbitration, actions or suits in excess of $500,000; (xv) adopting or amending any employee stock option plan or other material employee benefit plan; (xvi) the approval of or changes to the Annual Business Plan and the approval of the Operating Budget or changes thereto of 15% or more in the aggregate; (xvii) any reduction of the capital or any variation of the rights attached to any shares; (xviii) the entry into any agreement or arrangement which is not in the ordinary course of its business other than as expressly permitted by (x) the Annual Business Plan or Operating Budget, or (y) Sections (iii), (vii), (viii) or (xiv) hereof; (xix) the provision of any guarantee or indemnity in excess of $300,000 in the aggregate or as expressly permitted by the Annual Business Plan or Operating Budget; (xx) the making of any loan or advance to any person, firm, body corporate or other entity or business other than normal trade credit or otherwise in the normal course of business and on an arm's length basis; (xxi) [any

Furthermore, on several occasions the Staff has issued no-action letters in response to requests by limited partners with significant consent rights, irrespective of the fact that the consent of a single limited partner (as opposed to a group of unrelated partners) was necessary to approve the applicable events covered by such consent rights. *See, e.g., General Electric Capital Corporation* (consent of single limited partner required for the extensive list of items set forth in footnote 5 of this letter); *Nevada-Sun Peak L.P.* (consent of single limited partner required for extensive list of "major business decisions"); *Dominion Resources, Inc.* (Jan. 21, 1988) (consent of single limited partner required for specified "major events"); *accord, Berkshire Hathaway, Inc.* (consent of corporation holding preferred shares required for specified actions).

For these reasons, it is our view that the consent rights to be held by each of the Non-Managing Members should not cause the interests it will hold directly or indirectly in Holdco or PGE to be deemed to be "voting securities."

B. The Non-Managing Members Will Not Exercise Such a Controlling Influence Over Holdco or PGE Such That Regulation Would Be Required Under the Act

Under Section 2(a)(7) of the Act, the owner of 10% or more of the voting securities of a holding company or a public-utility company is presumed to control such holding company or public utility company and thus such owner is presumed to be a holding company. Alternatively, the owner of less than 10% of the voting securities of a holding company or a public-utility company is not presumed to control such holding company or public-utility company unless the Commission determines, after notice and opportunity for hearing, that such owner exercises such a controlling influence over the holding company or public-utility company in question that the Commission finds it necessary or appropriate to regulate the owner as a holding company under the Act.

We believe that the structure and terms of the Non-Managing Members' investment in this matter evidence the fact that neither of the Non-Managing Members will not have such a controlling influence over the management or policies of the Managing Member, Holdco or PGE that regulation under the Act is required. Our opinion is bolstered by the facts and arguments relied upon in prior no-action letter requests granted by the Staff.

The determination of whether a party has a "controlling influence" is a judgment to be made by the Commission based on the facts of a particular case. In the past, the Commission has relied on the following facts and circumstances in making its determination:

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action that would] cause subjection to regulation as a registered holding company under PUHCA or as a subsidiary company or an affiliate of a registered holding company as defined in PUHCA; and (xxii) [any action that would] cause any Member or its Affiliate to become subject to regulation as a registered holding company under PUHCA or as a subsidiary company or an affiliate of a registered holding company as defined in PUHCA.

"(i) the terms and provisions of the securities that create the relationship, (ii) whether there are agreements between those with voting control and others who have invested in the company, (iii) any past or present business relationship between the entities with voting control and the company and (iv) the nature of the parties involved, including whether there is capable, independent and financially interested management to operate the public utility and holding company." (*Berkshire Hathaway, Inc.*)

As shown above, the consent rights to be granted to the Non-Managing Members are consistent with the rights granted to other similar investors that have received no-action letter assurances. In addition, there are no agreements with respect to the exercise of those rights among the Non-Managing Members, and the Managing Member, Holdco or PGE. Nor are there any past or present business relationships between the Managing Member (or its investors) and TPG or the Non-Managing Members. Furthermore, as discussed below, independent individuals with significant qualifications and experience will be in control of the management of the Managing Member, Holdco and PGE.

The Non-Managing Members have no ability to control the management or day-to-day operations of Holdco or PGE. The Managing Member has the exclusive right to control the business of Holdco subject only to the limited approval rights, consistent with Commission precedent, that are intended to enable each of the Non-Managing Members as a passive investor to protect its economic interest in Holdco and PGE. The Non-Managing Members have no rights under the operative agreements, and will not otherwise attempt, to control the daily operations of Holdco or PGE.

The Managing Member will be owned and controlled by individuals independent of the Non-Managing Members. Under the operative agreements, the Non-Managing Members will have no right to appoint or otherwise nominate any members of management of Holdco or PGE. The Non-Managing Members will have the right to send a non-voting observer to meetings of PGE's board. In contrast, in prior no-action letters, the Staff has given assurances to passive investors that were granted the right to appoint one or more voting members to the Board of Directors of a holding company or a public- utility company. The ability to have such representation has been supported in no-action letter requests as necessary to permit the passive investor to monitor the activities of the entity in which it has invested, without giving the investor the right to veto or otherwise manage or control the operations of such entity. *See Western Resources, Inc.* (Nov. 24, 1997) (granting owner of common and preferred stock representing approximately 45% of utility's equity the right to appoint two of the utility's fifteen directors); *Ocean State Power 2* (Feb. 16, 1988) (granting each of the six partners a representative to the partnership's management committee). As stated in *Torchmark Corp.*, a Non-Managing Member is not required to be "a stranger to the organization" of the utility as long as its involvement is limited to protecting its investment.

In addition, in the recent no-action letter involving *Berkshire Hathaway, Inc.*, the Staff indicated that it would not recommend that the Commission find that Berkshire Hathaway would have a "controlling influence" over the holding company acquired in that transaction

despite the fact that Berkshire Hathaway would own approximately 81% of the holding company's total equity, including approximately 9.7% of its voting stock and the remainder in convertible preferred stock (which entitled it to appoint two of the holding company's ten directors and to exercise consent rights with respect to certain extraordinary actions). While it is recognized that the rights of the Non-Managing Members in Holdco (like Berkshire Hathaway's consent rights as a preferred shareholder) may be used to withhold consent as to any transaction or event within their scope, any leveraging of those rights to obtain more expansive agreements or understandings relative to the direction of the management of Holdco or PGE could, without further assurances from the Staff, subject the Non-Managing Members (and, potentially, TPG) to regulation as a holding company or an affiliate under the Act.[10]

Consistent with the precedent, the Non-Managing Members will have a limited right to remove the Managing Member in certain defined circumstances. However, as stated in *SW Acquisition, L.P.*, the ability to replace the Managing Member will not give the Non-Managing Members any right to control the management of Holdco or PGE because any replacement Managing Member would need to retain control over management of Holdco and remain independent of the Non-Managing Members in order to protect the Non-Managing Members' status as neither a holding company nor an affiliate of a holding company or public-utility company under the Act.

Finally, the terms and structure of the Proposed Transaction help to protect against any abuses under the Act and thus the Commission would have no basis to conclude that regulation of the Non-Managing Members under the Act is necessary or appropriate in the public interest or for the protection of investors or consumers.[11] The proposed acquisition of PGE is subject to approval by the Oregon Commission.

On an ongoing basis, the operation of PGE will be subject to the continuing jurisdiction of the Oregon Commission. Among other things, PGE will be required to . . .

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[10] As was stated in *Berkshire Hathaway, Inc.*, the Non-Managing Member is aware that if it were to exert a material influence over the Managing Member, Holdco or PGE through the use of the consent rights or through a threat or suggestion involving the failure to use such consent rights, that action could constitute an "understanding" between the parties and, depending on the nature of the understanding, could result in the parties being outside the scope of this no-action letter request.

[11] The central factors that the Commission considers in determining whether regulation is necessary or appropriate to prevent the abuses that the Act is intended to remedy are: "(1) the size of the electric utility company, (2) the nature and extent of intercompany relationships, (3) the ownership and distribution of the electric utility company's securities, and (4) the opportunity for excessive charges between the two companies for financing, service and construction contracts." *Nevada Sun-Peak L.P.* (*citing Detroit Edison Co. v. SEC*, 119 F.2d 730, at 739-40 (6th Cir.), *cert. denied* 314 U.S. 618 (1941)).

Conclusion

For the foregoing reasons, we respectfully request that the Staff provide written confirmation that, as a result of the Proposed Transaction, it will not recommend that the Commission institute enforcement action under the Act to deem any of TPG or the Non-Managing Members to be a "holding company" or an "affiliate" (as such terms are defined in Sections 2(a)(7) and 2(a)(11)(A) of the Act, respectively) of the Managing Member, Holdco or PGE. If you have any questions, please call me at (202) 639-7785.

Very truly yours,

Joanne Rutkowski

BAKER BOTTS L.L.P.
The Warner, 1299 Pennsylvania Ave., N.W.
Washington, D.C. 20004

EXHIBIT A: Organizational Chart of PGE

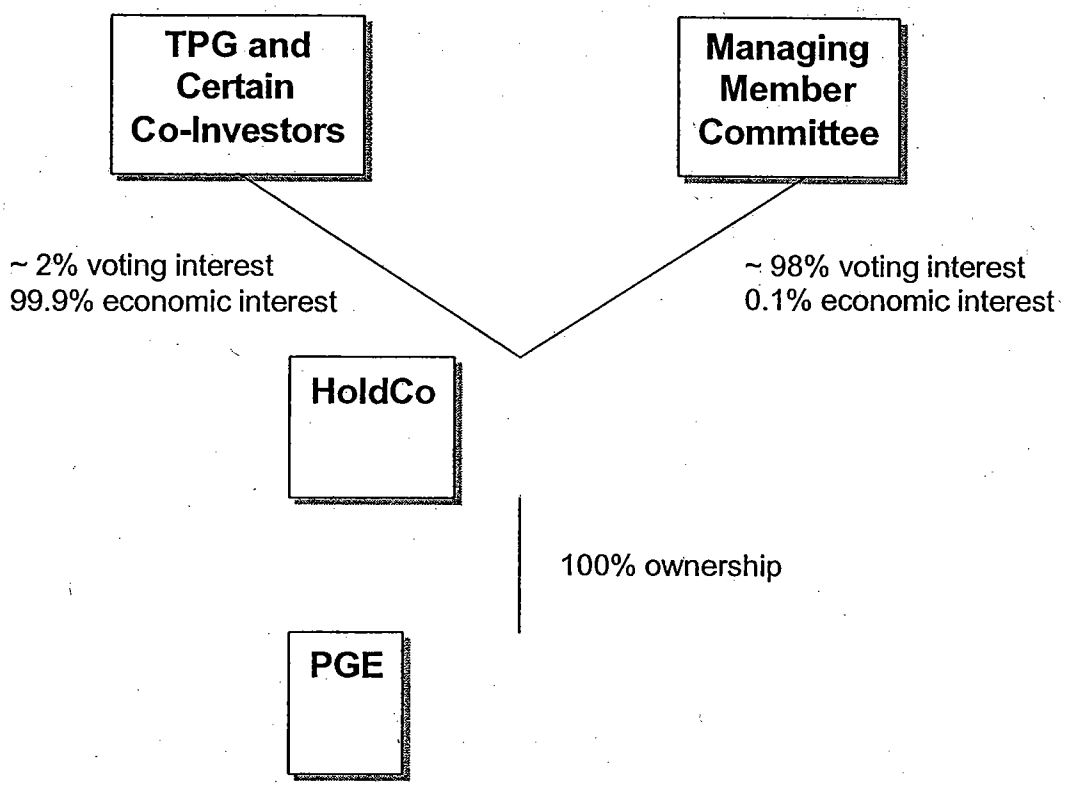

EXHIBIT B: Professional Biographies of Members of the Management Committee

EXHIBIT C: Negative Consent Rights

The consent of a majority in interest of the Non-Managing Members would be required for any of the following matters:

1. any recapitalization, reorganization, reclassification, merger, consolidation, liquidation, dissolution or other winding up, spin-off, subdivision or other combination;

2. any declaration, setting aside or payment of any dividend or other similar distribution (including a redemption or repurchase of capital) in respect of any class of capital stock of Holdco, the Company or any of their respective subsidiaries, other than payments of cash dividends on the Preferred Stock of the Company outstanding as of the date of the Acquisition in accordance with the terms of the Preferred Stock as in effect on the date of the Acquisition;

3. any authorization, sale, issuance or redemption of equity securities (or any warrants, options or rights to acquire equity securities or any securities convertible into or exchangeable for equity securities) of Holdco, the Company or any of their respective subsidiaries, other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

4. any incurrence of indebtedness by Holdco, the Company or any of their respective subsidiaries in the aggregate in excess of $[•] (a) for borrowed money, (b) evidenced by notes, bonds, debentures or other similar instruments, (c) under capital or financing leases or installment sale agreements or (d) in the nature of guarantees of the obligations described in clauses (a) through (c) of any other person or entity, other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

5. any loan or advance (not specified in clause 4) to any person, other than trade credit in the ordinary course of business consistent with past practice;

6. any redemption, acquisition, cancellation or prepayment of a complete or partial discharge in advance of a scheduled payment date with respect to, any material modification or other material amendment of any terms of, or waiver of any material right under, any indebtedness of Holdco, the Company or any of their respective subsidiaries (whether for borrowed money or otherwise), other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

7. the entering into or amendment of any contract, agreement, arrangement or commitment with respect to the procurement of goods or services which creates or could reasonably be expected to create a financial obligation in an amount, whether payable at one time or in a series of payments, in excess of $[•], except as contemplated by any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

8. any capital expenditures in an amount greater than $[•], in any transaction or series of related transactions, except as contemplated by the then-current annual operating or capital budget approved in accordance with these consent rights;

9. any purchase, lease or other acquisition of any securities or assets of any other person, except for acquisitions of securities, products, supplies and equipment in the ordinary course of business consistent with past practice or acquisitions pursuant to the then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

10. any sale, lease, exchange, transfer, or other disposition of Holdco's, the Company's or their respective subsidiaries' assets or businesses on a consolidated basis (including, without limitation, the capital stock of any subsidiary), except to the extent that such transactions in any fiscal year in aggregate do not exceed $[•]/[•]% of such entity's net revenues], as determined by an independent appraiser of national standing;

11. any joint venture, partnership or other material operating alliance by Holdco, the Company or any of their respective subsidiaries with any other person;

12. any material change in accounting policies, practices or principles, or voluntarily change in Holdco's or the Company's outside independent auditor or accountants;

13. any voluntary proceeding or filing of any petition by or on behalf of Holdco, the Company or any of their respective subsidiaries seeking relief under the Bankruptcy Code or the voluntary wind up, dissolution or liquidation of Holdco, the Company or any of their respective subsidiaries;

14. any employment contract with the executive officers of Holdco, the Company or any of their respective subsidiaries, including any material change in the compensation or terms of employment of such executive officers, or any employee stock option plan, equity incentive plan or any other material employee benefit plan;

15. the hiring or firing of a Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of the Company;

16. any change in the principal line of business of Holdco, the Company or any of their respective subsidiaries as in effect on the closing of the Acquisition;

17. the adoption of, or amendment to, the Company's annual operating budget, capital budget and three-year financial plan, each of which will be updated annually;

18. any public offering or private sale of equity securities (other than financing activities in the ordinary course) or any change of control of Holdco, the Company or any of their respective subsidiaries;

19. any transaction involving conflicts of interest between the Holdco and a Managing Member or any Affiliate thereof (including employees and directors of the Managing Member and its Affiliates) or payment of any advisory or similar fees by Holdco, the Company or any of their respective subsidiaries to the Managing Member or any such Affiliate thereof;

20. any amendment or modification of Holdco's, the Managing Members', the Company's or any of the Company's subsidiaries' organizational documents so as to change the powers, preferences or special rights of the Non-Managing Members or in a manner that would otherwise adversely affect the rights of holders of equity of such entities;

21. any filing to obtain a material governmental permit or approval, any material filing in connection with a Company rate proceeding or any material change to the rates or other charges under any Company tariff, or any material amendment to any such filings;

22. initiation, settlement or compromise of any action, suit, claim, dispute, arbitration or proceeding by or against Holdco, the Company or any of their respective subsidiaries (i) that would materially adversely affect such party, (ii) that results in aggregate value/cost of more than $[•] or (iii) would require Holdco, the Company or any of their respective subsidiaries to be subject to any material equitable relief or to take or refrain from taking any material action in connection with the conduct of its business;

23. any action (or failure to act) by Holdco, the Company or any of their respective subsidiaries that would result in any Non-Managing Member or any Affiliate of a Non-Managing Member being subject to (a) regulation as a "holding company" or a "subsidiary company" or an "affiliate" of a "holding company" or a "public-utility company" under the 1935 Act or (b) any other federal or state regulation, in each case that is reasonably determined by such affected party to have an adverse effect;

24. any modification of the name of Holdco or the Company; or

25. any contract, agreement, arrangement or commitment to do or engage in any of the foregoing.

EXHIBIT D: Removal of Managing Members

A Managing Member may be removed by a majority in interest of the Non-Managing Members upon the following events:

1. the death or legal incapacity of the individual holding, directly or indirectly, any interest in the Managing Member,

2. the commission of any felony by the Managing Member or any Affiliate thereof;

3. willful material misconduct committed by the Managing Member or any Affiliate thereof;

4. the breach of any fiduciary duty by the Managing Member or any Affiliate thereof;

5. self dealing by the Managing Member or any Affiliate thereof;

6. fraud or intentional material misrepresentation committed by the Managing Member or any Affiliate thereof;

7. intentional misappropriation by the Managing Member or any Affiliate thereof of Company funds or other Company property;

8. gross negligence of the Managing Member or any Affiliate thereof resulting in loss or damage to Holdco or the Company;

9. a material breach of this Agreement by the Managing Member or any Affiliate thereof that results in a loss or damage to Holdco or the Company;

10. the Transfer of any direct or indirect legal or beneficial interests in the Managing Member (whether occurring voluntary or by operation of law, excluding however any Transfer occurring by reason of death or legal incapacity) without the prior written consent of a majority in interest of the Non-Managing Members;

11. the bankruptcy, liquidation or insolvency of the Managing Member or any Affiliate thereof; or

The Managing Member Committee or any member thereof may be removed by a majority in interest of the Non-Managing Members upon the Managing Member Committee or any member thereof having taken any "controllable management decision" that in the reasonable judgment of a majority in interest of the Non-Managing Members has resulted in or will result in a "material failure" to achieve the results contemplated by the Company's annual business plan or operating budget, where:

"Controllable Management Decision" means any action or omission by the Managing Member Committee or any Person acting on behalf of the Managing Member Committee, other than as a result of (1) changes in law, and (2) actions of regulators, provided, that the exception described in clause (2) shall not apply if the Managing Member Committee shall have failed to manage the relations of Holdco or the Company with any such regulators in accordance with good utility practices.

"Material failure" means the actual or projected failure to achieve the results contemplated in the Company's annual business plan or operating budget by 5% or more as of the end of an annual period.

EXHIBIT G

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
ENRON CORP., et al.,	Case No. 01-16034-(AJG)
Debtors.	Jointly Administered

ORDER PURSUANT TO SECTIONS 105(a) AND 363 OF THE BANKRUPTCY CODE AND FEDERAL RULES OF BANKRUPTCY PROCEDURE 2002, 6004, AND 9013 (A) ESTABLISHING PROCEDURES FOR THE SOLICITATION AND CONSIDERATION OF PROPOSALS TO PURCHASE THE SHARES OF PORTLAND GENERAL ELECTRIC COMPANY, (B) APPROVING PAYMENT OF A BREAK-UP FEE AND CERTAIN OTHER EXPENSES, (C) SCHEDULING A HEARING ON THE SALE OF THE SHARES, AND (D) APPROVING THE FORM AND SCOPE OF NOTICES OF BIDDING PROCEDURES AND SALE HEARING

Upon the motion dated November _, 2003 (the "Motion")[1] of Enron Corp. ("Seller"), as debtor and debtor in possession, pursuant to sections 105 and 363 of title 11, United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"), for, among other things, the entry of this order (the "Procedures Order"): (I) establishing procedures for the solicitation and consideration of qualified proposals, and for selection of the highest or best such proposal, to purchase all of the issued and outstanding shares, $3.75 par value per share (the "Shares"), of Portland General Electric Company (the "Company") owned by Seller, which constitutes 100% of the total issued and outstanding share capital of the Company, (II) approving Seller's payment of certain fees and expenses to Oregon Electric Utility Co. ("Purchaser") upon the conditions set forth herein; (III) scheduling a hearing (the "Sale Hearing") on the sale of the Shares, free and

[1] All capitalized terms used, unless otherwise defined herein, shall have the meaning as defined in the Motion or in the Purchase Agreement (as defined herein).

clear of all liens, claims, encumbrances, interests, rights of setoff, recoupments, deduction or other obligations, pursuant to the terms set forth in that certain Stock Purchase Agreement by and among Seller and Purchaser dated as of November _, 2003 (the "Purchase Agreement") or such other agreement with the winning bidder after the conclusion of the Auction (as that term is defined below); and (IV) approving the form and manner of notice for the Motion and the relief requested therein, including notice of the Bidding Procedures, the Sale Hearing, the entry of the form of order approving, inter alia, the sale of the Shares (the "Approval Order") and the Auction (as defined below) (collectively, the "Notice Procedures"); and after due deliberation and sufficient cause appearing therefor, it is

HEREBY FOUND AND DETERMINED THAT:

A. The Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334. This is a core matter pursuant to 28 U.S.C. § 157(b)(2).

B. Reasonable notice of the Motion and a reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein has been afforded to all interested persons and entities, including, but not limited to, (i) the Office of the United States Trustee; (ii) counsel for JP Morgan Chase and Citibank, N.A., the Debtor in Possession Lenders; (iii) counsel for the Official Committee of Unsecured Creditors appointed in the Debtors' chapter 11 cases (the "Committee"); (iv) Purchaser and its counsel; (v) all entities known to Seller that assert any lien, claim, encumbrances, interest, right of setoff, recoupments, deduction or other obligation in or upon the Shares

(or any portion thereof); (vi) all parties who expressed in writing to Seller an interest in the Shares, including, but not limited to, a prior bid for the Shares, since the Petition Date; (vii) all relevant taxing authorities; (viii) counsel for the Employment-Related Issues Committee; (ix) the Examiner for Enron North America Corp., (x) the Examiner for Enron Corp.; (xi) any person, or counsel if retained, appointed pursuant to 28 U.S.C. § 1104; (xii) all entities who had filed a notice of appearance and request for service of papers in these cases in accordance with Bankruptcy Rule 2002 and the Court's Second Amended Case Order, dated December 17, 2002 (the "Case Management Order"); and (xiii) all parties entitled thereto in accordance with Rules 2002, 6004, 6006, and 9013 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Local Rule 9013-1(c) of the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules"). Such notice and opportunity to object complied with all applicable requirements of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules and no further notice is necessary.

C. Seller has been actively marketing the Shares for sale since before it commenced its Chapter 11 cases, and continuing without interruption thereafter. The Purchase Agreement with the Purchaser represents the best offer that Seller has received as a result of such marketing efforts.

D. The amount of the Break-up Fee of Thirty-one million two hundred and fifty thousand dollars ($31,250,000), as set forth in Purchaser's Purchase Agreement, is fair and reasonable and was negotiated by the parties in good faith and at arm's length. The Break-up Fee will initiate an overbid process at a floor price that is desirable for Seller,

will foster competitive bidding for the Shares, and will accordingly confer a benefit upon Seller's estate.

E. The reimbursement of Purchaser's expenses in the circumstances and to the extent provided in Purchaser's Purchase Agreement is fair and reasonable and was negotiated by the parties in good faith and at arm's length.

F. The Bidding Procedures proffered by Seller and described herein are reasonable and appropriate and represent the best method for maximizing the return from the sale of the Shares.

G. The form and scope of the Bidding Procedures Notice (as defined below) are reasonable and appropriate and comply with all applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules.

H. The entry of this Procedures Order is in the best interest of Seller's estate and its creditors.

NOW THEREFORE, THE COURT HEREBY ORDERS THAT:

1. The Motion is GRANTED.

2. The Bidding Procedures set forth below are hereby approved.

3. A hearing to approve the sale of the Shares to the Purchaser or other prevailing bidder (the "Sale Hearing") shall be held on [____] __, 2004, at 10:00 a.m. (New York Time) (the "Sale Hearing Date"), or as soon thereafter as counsel may be heard, before the Honorable Arthur J. Gonzalez, United States Bankruptcy Judge, in Room 523 of the United States Bankruptcy Court, Alexander Hamilton Customs House, One Bowling Green, New York, New York 10004.

4. All objections to the Motion or the relief requested therein (including entry of this Procedures Order) that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are overruled on the merits.

5. Pursuant to Bankruptcy Rule 6004(f)(1), Seller is authorized to conduct an auction for sale of the Shares pursuant to the terms set forth in this Procedures Order.

6. The following Bidding Procedures shall apply with respect to the proposed sale of the Shares:

a. Qualification as Bidder. Any entity that wishes to make a bid for the Shares must provide Seller with sufficient and adequate information to demonstrate, to the satisfaction of Seller, upon consultation with the Committee, that such bidder has (a) the financial wherewithal and ability to consummate the transactions contemplated in the purchase agreement submitted with its bid and (b) the ability to comply with all obligations under its purchase agreement. A person meeting the requirements set forth in this paragraph shall be considered a "Qualified Bidder."

b. Bid Requirements.

- Same Terms. Seller, upon consultation with the Committee, shall entertain only those bids that are presented under a contract substantially identical to the Purchase Agreement, marked to redline any modifications made to the Purchase Agreement, including the amount of consideration, name of purchaser, and other conforming changes that must be made to reflect the purchaser and its bid.

- Deposit. Each bid must be accompanied by a deposit in an amount at least equal to the greater of $20,250,000 or 1.5% of the bidder's proposed Purchase Price (the "Earnest Money Deposit"). Prior to the Bid Deadline, such Earnest Money Deposit is to be delivered to Seller in the form of a:

  (i) wire transfer to:

  JP Morgan Chase Bank
  500 Stanton Christiana Road
  Newark, DE 19713
  ABA# 021000021
  For Credit To: Weil, Gotshal & Manges LLP Special Account
  Acct# 0158-37-474
  Reference: 43889.0003/PGE/M. Sosland

  (ii) cashier's check to:

  Weil, Gotshal & Manges LLP
  Attn: Norm LaCroix
  Director of Accounting
  767 Fifth Avenue
  New York, New York 10153
  Reference: 43889.0003/PGE/M. Sosland

  or, (iii) irrevocable letter of credit to the benefit of:

  JP Morgan Chase Bank
  500 Stanton Christiana Road
  Newark, DE 19713

- Escrow of Deposit. Other than Purchaser, if a bidder submits the bid chosen as the highest or best bid pursuant to the procedures set forth in this Procedures Order (such bidder, the "Winning Bidder"), then immediately upon execution of a purchase agreement by Seller and the Winning Bidder, such Winning Bidder shall direct Weil, Gotshal & Manges LLP to transfer the Earnest Money Deposit into an escrow account as required by such purchase agreement.

- Additional Requirements for Bids. Bids must be (a) in writing, (b) signed by an individual authorized to bind the prospective purchaser, and (c) received no later than 12:00 noon (New York Time) on [_____, __], 2004 (the "Bid Deadline") by (i) Weil, Gotshal & Manges LLP, 200 Crescent Court, Suite 300, Dallas, Texas 75201, Attn: Martin A. Sosland, Esq. (Email:

martin.sosland@weil.com; and Facsimile: 214-746-7777), Attorneys for the Seller; (ii) Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, New York 10005, Attn: Luc A. Despins, Esq. (Email: ldespins@milbank.com; Facsimile: 212-530-5219), Attorneys for the Creditors' Committee, (iii) Arnold & Porter, 370 17th Street, Suite 4500, Denver, Colorado 80202, Attn: Brian P. Leitch, Esq. (Email: Brian_leitch@aporter.com; Facsimile: 303-832-0428) and Cleary, Gottlieb, Steen & Hamilton, One Liberty Plaza, New York, New York 10006, Attn: Michael L. Ryan, Esq. (Email: Mryan@cgsh.com; Facsimile 212-225-3999), Attorneys for Purchaser, and (iv) The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154, Attention: Raffiq Nathoo (Email: Nathoo@blackstone.com; Facsimile 212-583-5349), Financial Advisors to the Seller.

- No Conditions. Any bid must not be subject to due diligence review or any board approval. Further, any bid must not be subject to any conditions, or the receipt of any consents, that are not otherwise required by the Purchase Agreement.

- Initial Overbid. A bid for the Shares must contain an initial overbid (the "Initial Overbid") in an amount that is at least $50,000,000 over and above the Purchase Price in the Purchase Agreement.

- Qualified Competing Bid. Only a bid submitted by a Qualified Bidder that meets the requirements set forth in this section 6.b shall be considered a "Qualified Competing Bid."

- Bankruptcy Court Approval. All bids, including that of the Purchaser (whether through the Purchase Agreement or otherwise) shall be subject to approval of the Bankruptcy Court.

c. Due Diligence.

- Diligence and Confidentiality Agreement. Any Qualified Bidder who desires to conduct due diligence regarding the Shares should contact Raffiq Nathoo, The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154, (212) 583-5869, Financial Advisors to the Seller, for the due diligence procedures. Before a party will be allowed to conduct due diligence, if not previously executed, they must execute a Confidentiality Agreement in substantially the form attached hereto as Exhibit A.

d. Auction.

- Auction Date and Time. If there are any Qualified Competing Bids, then Seller shall conduct an auction of the Shares (the "Auction"). The Auction will be held on [_____ _,] 2004, commencing at 12:00 a.m. (New York Time) at the offices of Weil, Gotshal & Manges, 767 Fifth Avenue, New York, New York 10153, or such other time and place as may be agreed by Seller and the Committee (and is reasonably acceptable to the Purchaser), prior to the Sale Hearing Date, for consideration of qualifying offers that may be presented to Seller. Only Purchaser and parties who have submitted Qualified Competing Bids may participate in the Auction.

- Adjournment of Auction. The Auction may be adjourned as Seller, upon consultation with the Committee, deems appropriate. Reasonable notice of such adjournment and the time and place for the resumption of the Auction shall be given to Purchaser, all Qualified Bidders, and the Committee.

- Evaluation of Highest or Best Offer. Seller shall, immediately after the Bid Deadline and upon consultation with the Committee: (i) evaluate all Qualified Competing Bids received, and (ii) determine which Qualified Competing Bid reflects the highest or best offer for the Shares. During the course of the Auction, Seller shall inform each participant which Qualified Competing Bid reflects, in Seller's view, upon consultation with the Committee, the highest or best offer.

- Subsequent Bids. Any such subsequent bid must be in an amount at least $10,000,000 higher than the highest prior bid; provided, however, that the Seller, in consultation with the Committee, may during the Auction reduce the amount required for subsequent bids.

- Subsequent Purchaser Bids. Purchaser shall have the right to include the amount of the Break-up Fee in the amount of any subsequent bid that it makes at the Auction. If Purchaser is the Winning Bidder by virtue of a subsequent bid in an amount that exceeds the Preliminary Purchase Price plus the Initial Overbid, Purchaser shall be entitled to a credit against the Purchase Price at Closing equal to the amount of the Break-up Fee that will not be required to be paid by the Seller.

- Other Terms. All Qualified Bids, the Auction, and the Bidding Procedures are subject to such other terms and conditions as are

announced by Seller, in consultation with the Committee, not inconsistent with this Order. Seller shall at the conclusion of the Auction announce its intention to either (a) sell the Shares to the Winning Bidder at the Auction (and announce the identity of the Winning Bidder) or (b) distribute the Shares to creditors under a chapter 11 plan.

- Irrevocability of Certain Bids. The bid of the Winning Bidder shall remain irrevocable in accordance with the terms of the purchase agreement executed by the Winning Bidder. The bid of bidder that submits the next highest or best bid, if other than Purchaser (the "Back-Up Bidder") shall be irrevocable until the earlier to occur of (i) entry of the Approval Order, (ii) thirty days following the last date of the Auction (as such date may be adjourned) and (iii) such date as the Seller affirms in writing that the Shares are to be distributed under the Seller's chapter 11 Plan to the creditors of Seller and/or certain of its debtor affiliates in lieu of a sale of the Shares as contemplated hereby. Notwithstanding the foregoing, if Purchaser is not the Winning Bidder, the rights of Purchaser and Seller to terminate the Purchase Agreement shall be governed by the terms of the Purchaser's Purchase Agreement.

- Retention of Earnest Money Deposits. The Earnest Money Deposit of the Winning Bidder shall be retained by Seller in accordance with the terms of the purchase agreement executed by the Winning Bidder. The Earnest Money Deposit of the Back-Up Bidder shall be held until the earlier to occur of (i) entry of the Approval Order, (ii) thirty days following the last date of the Auction (as such date may be adjourned) and (iii) such date as the Seller affirms in writing that the Shares are to be distributed under the Seller's chapter 11 Plan to the creditors of Seller and/or certain of its debtor affiliates in lieu of a sale of the Shares as contemplated hereby. If Purchaser is not the Winning Bidder, the Purchaser's Deposit shall be returned to Purchaser in accordance with the terms of the Purchaser's Purchase Agreement.

- Failure to Close. In the event a bidder is the Winning Bidder (as determined by Seller, upon consultation with the Committee and as approved by the Court), and such Winning Bidder fails to consummate the proposed transaction by the closing date contemplated in the purchase agreement agreed to by the parties for any reason, Seller (i) shall retain the Earnest Money Deposit of such bidder, to the extent provided in the purchase agreement, (ii) maintain the right to pursue all available remedies, whether legal or equitable available to it and (iii) upon consultation with the

Committee, shall be free to consummate the proposed transaction with the next highest bidder at the highest price bid by such bidder at the Auction (or, if that bidder is unable to consummate the transaction at that price, Seller, upon consultation with the Committee, may consummate the transaction with the next highest bidder at the Auction and so forth) without the need for an additional hearing or order of the Court. Notwithstanding the foregoing, the rights of Seller and Purchaser for failure to close are set forth in and governed by the Purchaser's Purchase Agreement.

- Non-Conforming Bids. Notwithstanding anything to the contrary in this Order, Seller, in consultation with the Committee, shall have the right to entertain bids for the Shares that do not conform to one or more requirements specified herein and deem such bids Qualified Competing Bids; provided, however, that any such non-conforming bid so entertained by the Seller must meet each of the following conditions: (i) a deposit must be made in the amount specified above; (ii) the Initial Overbid must meet the minimum requirement specified above; and (iii) the identity of the party submitting the bid must be adequately described to all participants at the Auction, prior to the commencement of the Auction.

e. Expenses. Any bidders presenting bids shall bear their own expenses in connection with the sale of the Shares, whether or not such sale is ultimately approved, in accordance with the terms of the purchase agreement. Purchaser will recover expenses in accordance with the provisions of the Purchase Agreement.

f. Conflict. Any conflict between the terms and provisions of this Procedures Order and any purchase agreement executed by the Seller and the bidders (including the Purchaser's Purchase Agreement) shall be resolved in favor of this Order.

7. Notwithstanding Section 13.1 of the Purchase Agreement, Seller's and Purchaser's rights and obligations under Sections 3.2, 3.3, 3.4, 3.5, 3.6. 3.7, 6.1, 6.4, 6.6, 6.7, 6.13 of the Purchase Agreement, and the parties' rights under the Deposit Escrow Agreement attached thereto, are binding effective immediately upon entry of this order. If Purchaser becomes entitled to a break-up fee or expense reimbursement under the terms thereof, such fee or expense will be treated as an allowed administrative priority

expense pursuant to 11 U.S.C. §§ 503(b) and 507(a)(1) without the need for any application, motion or further order of this Court. Seller shall pay such fee or expense reimbursement by wire transfer to Purchaser within one (1) business day after Purchaser's right to receive the fee or expense reimbursement arises pursuant to the terms of the Purchase Agreement.

8. Seller shall comply with the above procedures for consideration of competing bids to purchase the Shares. Such procedures shall be the exclusive procedures for such consideration.

9. Pursuant to Bankruptcy Rule 2002, Seller is hereby authorized and ordered to (1) serve a copy of this Procedures Order and a notice of the Bidding Procedures, the Auction and the Sale Hearing (the "Bidding Procedures Notice"), in substantially the form attached hereto as Exhibit B, on or before [_____ __,] 2003, in accordance with the Case Management Order, Bankruptcy Rules 2002, 6004, and 9013 and Rule 9013-1(c) of the Local Rules upon: (i) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Martin J. Bienenstock, Esq. and Brian S. Rosen, Esq. (Facsimile: 212-310-8007), counsel for Seller; (ii) Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, New York 10005, Attn: Luc A. Despins, Esq. (Facsimile 212-822-5650), Attorneys for the Creditors' Committee; (iii) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Mary Elizabeth Tom, Esq.; (iv) Davis, Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017, Attn: Donald S. Bernstein, Esq. (Facsimile: 212-450-3800), counsel for JP Morgan Chase Bank, as Agent; (v) Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022, Attn: Fredric Sosnick, Esq. (Facsimile:

212-848-7179), counsel for Citicorp, as Agent; (vi) Kronish Lieb Weiner & Hellman LLP, 1114 Avenue of the Americas, New York, New York 10036-7798, Attn: James A. Beldner, Esq., (Facsimile: 212-479-6275), counsel for the Employment-Related Issues Committee; (vii) Alston & Bird LLP, One Atlantic Center, 1201 West Peachtree Street, Atlanta, Georgia 30309-3424, Attn: R. Neal Batson, Esq., Examiner for Enron Corp.; (viii) Goldin Associates, LLC, 400 Madison Avenue, 10th Floor, New York, New York 10017, Attn: Harrison Goldin (Facsimile: 212-888-2841), Examiner for Enron North America Corp.; (ix) counsel to any other statutory committee appointed in the Debtors' chapter 11 cases; (x) any person, or counsel if retained, appointed pursuant to 28 U.S.C. § 1104, (xi) Arnold & Porter, 370 17th Street, Suite 4500, Denver, Colorado 80201, Attn: Brian P. Leitch (Facsimile: 303-832-0428), counsel to Purchaser; (xii) Cleary Gottlieb, Steen & Hamilton, One Liberty Plaza, New York, New York 10006, Attn: Michael L. Ryan (Facsimile: 212-225-3999), counsel to Purchaser; and (xiii) all parties entitled thereto in accordance with Bankruptcy Rules 2002, 6004, and 9013 of the Federal Rules of Bankruptcy Procedure and Local Rule 9013-1(c); (2) provide electronic notification of the Motion, the Bidding Procedures Notice and this Procedures Order, through posting on the Bankruptcy Court's website, www.nysb.uscourts.gov; and (3) on or before December ___, 2003, publish the Bidding Procedures Notice once in one or more publications Seller deems appropriate, including, but not limited to, *The Wall Street Journal* (national edition); and all such service shall constitute good and sufficient notice

of the sale of the Shares, this Procedures Order, the Auction, the Sale Hearing and all proceedings to be held thereon.

10. This Order shall be effective immediately.

DATED: New York, New York

_____, 2003

_____
HONORABLE ARTHUR J. GONZALEZ
UNITED STATES BANKRUPTCY JUDGE

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company

EXHIBIT 7

LIST OF TPG APPLICANT CONSENT RIGHTS

ATER WYNNE LLP
222 SW COLUMBIA, SUITE 1800
PORTLAND, OR 97201-6618
(503) 226-1191

EXHIBIT 7

LIST OF TPG APPLICANT CONSENT RIGHTS[1]

The consent of the holders of a majority in interest of the Class A Interests would be required for any of the following matters:

1. any recapitalization, reorganization, reclassification, merger, consolidation, liquidation, dissolution or other winding up, spin-off, subdivision or other combination of OEUC, the Company or any of their respective subsidiaries;

2. any declaration, setting aside or payment of any dividend or other similar distribution (including a redemption or repurchase of capital) in respect of any class of capital stock of OEUC, the Company or any of their respective subsidiaries, other than payments of cash dividends on the Preferred Stock of the Company outstanding as of the date of the Closing of the Acquisition in accordance with the terms of the Preferred stock as in effect on the date of the Closing of the Acquisition;

3. any authorization, sale, issuance or redemption of equity securities (or any warrants, options or rights to acquire equity securities or any securities convertible into or exchangeable for equity securities) of OEUC, the Company or any of their respective subsidiaries, other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

4. any incurrence of indebtedness by OEUC, the Company or any of their respective subsidiaries in the aggregate in excess of $[●]: (a) for borrowed money, (b) evidenced by notes, bonds debentures or other similar instruments, (c) under capital or financing leases or installment sale agreements, or (d) in the nature of guarantees of the obligations described in clauses (a) through (c) of any other person or entity, other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

5. any loan or advance (not specified in clause 4) to any person, other than trade credit in the ordinary course of business consistent with past practice;

6. any redemption, acquisition, cancellation or prepayment of a complete or partial discharge in advance of a scheduled payment date with respect to any material modification or other material amendment of any terms of, or waiver of any material right under, any indebtedness of OEUC, the Company or any of their respective subsidiaries (whether for borrowed money or otherwise), other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

[1] Consent rights and all proposed amounts indicated as $[●] herein to be negotiated with the SEC.

7. the entering into or amendment of any contract, agreement, arrangement or commitment with respect to the procurement of goods or services which creates or could reasonably be expected to create a financial obligation in an amount, whether payable at one time or in a series of payments, in excess of $[●], except as contemplated by any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

8. any capital expenditures in an amount greater than$[●], in any transaction or series of related transactions, except as contemplated by the then-current annual operating or capital budget approved in accordance with these consent rights;

9. any purchase, lease or other acquisition of any securities or assets of any other person, except for acquisitions of securities, products, supplies and equipment in the ordinary course of business consistent with past practice or acquisitions pursuant to the then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

10. any sale, lease, exchange, transfer, or other disposition of OEUC's, the Company's or their respective subsidiaries' assets or businesses on a consolidated basis (including, without limitation, the capital stock of any subsidiary), except to the extent that such transactions in any fiscal year in aggregate do not exceed $[●] or [●]% of such entity's net revenues, as determined by an independent appraiser of national standing;

11. any joint venture, partnership or other material operating alliance by OEUC, the Company or any of their respective subsidiaries with any other person;

12. any material change in accounting policies, practices or principles, or voluntary change in OEUC's or the Company's outside independent auditor or accountants;

13. any voluntary proceeding or filing of any petition by or on behalf of OEUC, the Company or any of their respective subsidiaries seeking relief under the Bankruptcy Code or the voluntary wind up, dissolution or liquidation of OEUC, the Company or any of their respective subsidiaries;

14. any employment contract with the executive officers of OEUC, the Company or any of their respective subsidiaries, including any material change in the compensation or terms of employment of such executive officers, or any employee stock option plan, equity incentive plan or any other material employee benefit plan;

15. the hiring or firing of a Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of the Company;

16. any change in the principal line of business of OEUC, the Company or any of their respective subsidiaries as in effect on the Closing;

17. the adoption of, or amendment to, the Company's annual operating budget, capital budget and three-year financial plan, each of which will be updated annually;

18. any public offering or private sale of equity securities (other than financing activities in the ordinary course) or any change of control of OEUC, the Company or any of their respective subsidiaries;

19. any transaction involving conflicts of interest between the OEUC and the Managing Member, any member or Affiliate thereof (including employees and directors of the Managing Member, any member or Affiliate thereof) or payment of any advisory or similar fees by OEUC, the Company or any of their respective subsidiaries to the Managing Member, any member or Affiliate thereof;

20. any amendment or modification of OEUC's, the Managing Member's, the Company's or any of the Company's subsidiaries' organizational documents (including limited liability company agreements);

21. any filing to obtain a material governmental permit or approval, any material filing in connection with a Company rate proceeding or any material change to the rates or other charges under any Company tariff, or any material amendment to any such filings;

22. initiation, settlement or compromise of any action, suit, claim, dispute, arbitration or proceeding by or against OEUC, the Company or any of their respective subsidiaries (i) that would materially adversely affect such party, (ii) that results in aggregate value/cost of more than $[●], or (iii) would require OEUC, the Company or any of their respective subsidiaries to be subject to any material equitable relief or to take or refrain from taking any material action in connection with the conduct of its business;

23. any action (or failure to act) by OEUC, the Company or any of their respective subsidiaries that would result in any holder of a membership interest in OEUC or any affiliate thereof being subject to (a) regulation as a "holding company" or a "subsidiary company" or an "affiliate" of a "holding company" or a "public-utility company" under the 1935 Act, or (b) any other federal or state regulation, in each case that is reasonably determined by such affected party to have an adverse effect;

24. any modification of the name of OEUC or the Company; or

25. any contract, agreement, arrangement or commitment to do or engage in any of the foregoing.

BEFORE THE PUBLIC UTILITY COMMISSION

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EXHIBIT 8

BIOGRAPHY OF RICHARD SCHIFTER

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PORTLAND, OR 97201-6618
(503) 226-1191

EXHIBIT 8

Richard Schifter

Rick Schifter is a partner at Texas Pacific Group, where he is responsible for financial restructurings and other investments. He joined TPG in 1994. In addition to his responsibilities at TPG, he has been the managing partner of Newbridge Latin America since its formation in 1996. Newbridge Latin America is a joint venture formed by TPG and Blum Capital Partners for the purpose of funding private equity investments throughout Latin America.

Prior to joining TPG, Mr. Schifter was a partner at the law firm of Arnold & Porter in Washington, D.C., where he specialized in bankruptcy law and corporate restructuring. Mr. Schifter joined Arnold & Porter in 1979 and was a partner from 1986 through 1994. He currently serves on the Boards of Directors of America West Holdings, Inc., Grupo Milano, S.A., Bristol Group, Productora de Papel, S.A. de C.V. (Propasa), and Empresas Chocolates La Corona, S.A. de C.V. (La Corona), and is a member of the Board of Directors of the Washington Chapter of the American Jewish Committee, Youth INC. (Improving Non-profits for Children), and the EcoEnterprise Fund of the Nature Conservancy. He is a member of the District of Columbia Bar.

Mr. Schifter graduated cum laude from the University of Pennsylvania Law School in 1978. He received a B.A. with distinction from George Washington University in 1975.

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EXHIBIT 9

OWNERSHIP STRUCTURE

ATER WYNNE LLP
222 SW COLUMBIA, SUITE 1800
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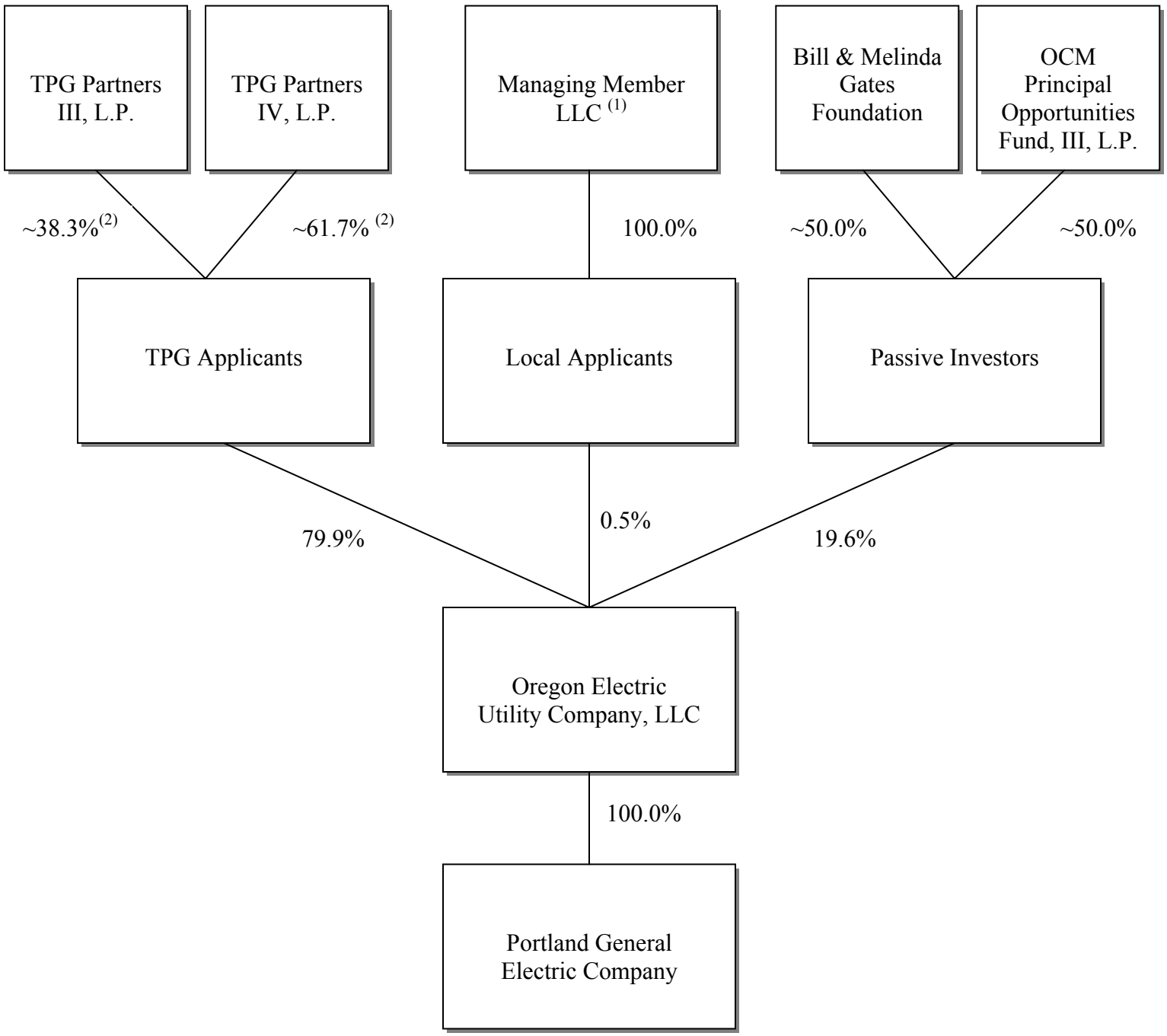
EXHIBIT 9

OWNERSHIP STRUCTURE



Note: percentages denote estimated economic interests.

(1) Managing Member LLC will be owned by Neil Goldschmidt, Jerry Grinstein and Tom Walsh.

(2) Precise allocation of the investment between TPG Partners III and TPG Partners IV to be determined at closing.

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EXHIBIT 10

TERM SHEET – OREGON ELECTRIC UTILITY COMPANY, LLC

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(503) 226-1191

EXHIBIT 10

TERM SHEET
OREGON ELECTRIC UTILITY COMPANY, LLC

Investment Vehicle	Oregon Electric Utility Company, LLC, an Oregon limited liability company ("OEUC"), which was formed for the purpose of acquiring all of the issued and outstanding stock of Portland General Electric Company (the "Company") pursuant to the Stock Purchase Agreement, dated as of November 18, 2003, between OEUC and Enron Corp. (the "Stock Purchase Agreement").
Membership Interests	OEUC will have three classes of membership interests: • Voting Membership Interests (the "Voting Interests"); • Class A Non-Voting Membership Interests (the "Class A Interests"); and • Class B Non-Voting Membership Interests (the "Class B Interests").
Voting Interests	In the aggregate, the Voting Interests will confer 100% of the voting power of OEUC (subject to the consent rights of the Class A Interests set forth below) and an approximate 0.5% economic interest in OEUC.
Class A Interests	The Class A Interests will not confer any voting rights, except as described below under "Additional Capital Contributions", "OEUC Board of Directors", "Removal of Managing Members", "Class A Consent Rights", "Exit Rights" and "Change in Control upon PUHCA Event". In the aggregate, the Class A Interests will confer at least a 79.9% economic interest in OEUC.

Class B Interests	The Class B Interests will not confer any voting or other governance rights. In the aggregate, the Class B Interests will confer an approximate 19.6% economic interest in OEUC.
Managing Member Ownership Interest	At the closing of the acquisition (the "Acquisition") of the Company (the "Closing") by OEUC, [•], a newly formed Oregon limited liability company (the "Managing Member"), the members of which are Neil Goldschmidt, Gerald Grinstein and Tom Walsh, will own 95% of the Voting Interests. The aggregate subscription price for the Managing Member's Voting Interests will be approximately $2.5 million, subject to adjustment as described under "Equity Account Adjustment" below.
TPG Ownership Interest	At the Closing, TPG Partners III, L.P. and TPG Partners IV, L.P. or their respective affiliates or assigns (collectively, "TPG") will own 5% of the Voting Interests and all of the issued and outstanding Class A Interests. The aggregate subscription price for TPG's membership interests will be approximately $419.5 million, subject to adjustment as described under "Equity Account Adjustment" below.
Co-Investor Ownership Interest	At the Closing, the persons or entities listed on Schedule 1 hereto (collectively, the "Co-Investors") will, directly or indirectly, own all of the issued and outstanding Class B Interests. The aggregate subscription price for the Co-Investors' membership interest will be approximately $103 million, subject to adjustment as described under "Equity Account Adjustment" below.
Equity Account Adjustment	In the event that the cash from equity contributions that OEUC requires at the Closing (i) is less than $525 million, TPG's and each of the Co-Investors' commitments will be reduced on a *pro rata* basis and (ii) is greater than $525 million, the Managing Member, TPG and each of the Co-Investors will have the right, in its sole discretion, but not the obligation, to increase its commitment

	on a proportionate basis; provided that, in any event, TPG will own at least a 79.9% economic interest in OEUC following the Closing.
Additional Capital Contributions	No holder of a membership interest in OEUC (each, a "Member") will be required, or except as (i) described above under "Equity Account Adjustment" or (ii) with the consent of the Managing Member and the holders of a majority in interest of the Class A Interests, permitted, to make additional capital contributions to OEUC. If additional capital contributions are called for, each Member shall have the right (but not the obligation) to make additional capital contributions *pro rata* to all Members in accordance with its respective economic interest in OEUC.
Distributions to the Members	Distributions, to the extent declared by the Board of Directors of OEUC, will be made *pro rata* to all Members based on their respective economic interest in OEUC.
Management of OEUC	As the holder of in excess of a majority of the Voting Interests in OEUC, the Managing Member will control OEUC and will have the power and authority to take such actions from time to time as the Managing Member deems necessary or appropriate in connection with the management and conduct of the business and affairs of OEUC, and will have the power and authority to take all actions on behalf of OEUC acting in its capacity as sole shareholder of the Company, in each case, except as described under "Additional Capital Contributions", "OEUC Board of Directors", "Removal of Managing Members", "Class A Consent Rights", "Exit Rights" and "Change in Control upon PUHCA Event". Decisions of the Managing Member will be made by majority vote of a committee comprised of the members of the Managing Member (the "Managing Member Committee").

	The members of the Managing Member and of the Managing Member Committee will have the same fiduciary duties (if any) as if (i) the OEUC were a Delaware corporation, (ii) the members of OEUC were shareholders of OEUC, and (iii) the members of the Managing Member Committee were members of the board of directors of OEUC.
OEUC Board of Directors	The Managing Member will have the right to nominate and appoint approximately 80% of the board of directors of OEUC and the Company (the "Directors"). The remaining Directors of OEUC and the Company (which, in the case of the Company, shall not be less than 2 Directors) will be nominated and appointed by the holders of a majority in interest of the Class A Interests. In addition, the holders of a majority in interest of the Class A Interests may nominate and appoint additional non-voting observers to the board of directors of OEUC and the Company.
Removal of Managing Members	Members of the Managing Member may be removed by the holders of a majority in interest of the Class A Interests upon the events or circumstances described in Exhibit 1.
Class A Consent Rights	The holders of a majority in interest of the Class A Interests will have consent rights over certain specified actions by OEUC, including actions taken on behalf of OEUC acting in its capacity as sole shareholder of the Company approval, as set forth in summary form in Exhibit 2.
Investor Information	Following the Closing, OEUC will afford the Investors reasonable and customary information rights regarding OEUC and the Company.
Registration Rights	TPG will have 5 demand registrations with respect to the Voting Interests and Class A Interests owned by it. The Investors will have standard and proportional "piggyback" rights with respect to

	public offerings by OEUC (including TPG demands).
Class B Transfer Restrictions	The Class B Interests shall not be transferred to any competitor of the Company or to any utility in the Pacific Northwest without the consent of the Managing Member and the holders of a majority in interest of the Class A Interests.
Exit Rights	After consultation with OEUC's Board of Directors and the Company's Board of Directors, the holders of a majority in interest of the Class A Interests will have the right to effect a sale of all the outstanding equity interests in the Company or an initial public offering of equity securities of the Company or OEUC in accordance with applicable law and regulation, including regulations imposed by the OPUC, if any. Any such sale of all the equity interests in the Company will be for the ratable benefit of all holders of Voting Interests, Class A Interests and Class B Interests based on their respective economic interests in OEUC. Upon the sale of all the outstanding equity interests in the Company or OEUC or an initial public offering of the equity securities of the Company or OEUC, the Class A Interests and the Class B Interests will become full voting interests in OEUC. Thereafter, the Class A Interests, the Class B Interests and the Voting Interests will have 100% of the voting power of OEUC in the aggregate, allocated among the three issues *pro rata* based on the economic interests represented thereby. Upon the sale of all the outstanding equity interests in the Company or an initial public offering of the Company, the proceeds of such transaction received by OEUC shall be applied toward payment of costs, expenses, liabilities, losses or indebtedness of OEUC or distributed to its Members.
Conversion Rights	If the holders of a majority in interest of the

upon PUHCA Event	Class A Interests reasonably determine that repeal of, amendment to, or administration of, PUHCA has eliminated the risk that the holders of the Class A Interests in OEUC will be regulated as a holding company thereunder, then the Class A Interests will become full voting interests in OEUC. Thereafter, the Class A Interests and the Voting Interests will have 100% of the voting power of OEUC in the aggregate, allocated among the two issues *pro rata* based on the economic interests represented thereby. PUHCA-related restrictions (such as limits on board membership) will also cease to apply.
Tag Along Rights	In the event that TPG agrees to sell a portion of its economic interest in OEUC to a third-party purchaser (other than an affiliate of TPG) and the interests to be sold in such sale, when aggregated with all prior sales by TPG, represent more than 25% of the economic interest in OEUC that TPG held at the Closing, TPG will provide the Managing Member and the holders of Class B Interests with 10 days' written notice of each such proposed sale. The Managing Member and each holder of a Class B Interest may elect to cause the third-party purchaser to purchase, at the same price per economic interest conveyed and on materially the same terms and conditions as offered to TPG, a number of its Voting Interests or Class B Interests, as applicable, not to exceed (a) the number of Voting Interests or Class B interests held by such person or entity, multiplied by (b) the percentage of TPG's economic interest in OEUC being sold; provided that if the purchaser elects not to purchase all of the Equity Securities offered by TPG, the Managing Member and the holders of Class B Interests, the number of membership interests purchased by such third-party purchaser will be allocated *pro rata* based on the respective economic interests such holders have elected to sell. Each of the Investors recognizes that any such sale may be subject to OPUC approval.
Drag Along Rights	If TPG receives and accepts an offer from a

third-party purchaser (other than an affiliate of TPG) to purchase (whether by stock purchase, merger or otherwise) at least 2/3 of its economic interest in OEUC, upon 10 days' prior written notice, TPG may require the Managing Member and each holder of a Class B Interest (and its permitted transferees) to transfer to such third-party purchaser, at the same price per economic interest conveyed and on materially the same terms and conditions as the offer so accepted by TPG, a number of the equity interests held by such person or entity equal to (a) the number of Voting Interests or Class B Interests held by such person or entity, multiplied by (b) the percentage of TPG's economic interest in OEUC being sold. Each of the Investors recognizes that any such sale may be subject to OPUC approval.

Exhibit 1

Removal of Managing Members

A member of the Managing Member may be removed by the holders of a majority in interest of the Class A Interests upon the following events:

1. the death or legal incapacity of the individual holding, directly or indirectly, any interest in such member of the Managing Member;

2. the commission of any felony by such member of the Managing Member or any Affiliate of such member of the Managing Member;

3. willful material misconduct committed by such member of the Managing Member or any Affiliate of such member of the Managing Member;

4. the breach of any fiduciary duty by such member of the Managing Member or any Affiliate of such member of the Managing Member;

5. self dealing by such member of the Managing Member or any Affiliate of such member of the Managing Member;

6. fraud or intentional material misrepresentation committed by such member of the Managing Member or any Affiliate of such member of the Managing Member;

7. intentional misappropriation by such member of the Managing Member or any Affiliate of such member of the Managing Member of Company funds or other Company property;

8. gross negligence of such member of the Managing Member or any Affiliate of such member of the Managing Member resulting in loss or damage to OEUC or the Company;

9. a material breach of this Agreement by such member of the Managing Member or any Affiliate of such member of the Managing Member that results in a loss or damage to OEUC or the Company;

10. the Transfer of any direct or indirect legal or beneficial interests in such member of the Managing Member (whether occurring voluntary or by operation of law, excluding however any Transfer occurring by reason of death or legal incapacity) without the prior written consent of the holders of a majority in interest of the Class A Interests;

11. the bankruptcy, liquidation or insolvency of such member of the Managing Member or any Affiliate of such member of the Managing Member; or

12. Any or all members of the Managing Member Committee may be removed by the holders of a majority in interest of the Class A Interests upon the Managing Member Committee

or any member thereof having taken any "controllable management decision" that, in the reasonable judgment of the holders of a majority in interest of the Class A Interests, has resulted in or will result in a "material failure" to achieve the results contemplated by the Company's annual business plan or operating budget, where:

> "Controllable Management Decision" means any action or omission by the Managing Member Committee or any member or Person acting on behalf of the Managing Member Committee other than as a result of (1) changes in law, or (2) actions of regulators, provided, that the exception described in clause (2) shall not apply if the Managing Member Committee shall have failed to manage the relations of OEUC or the Company with any such regulators in accordance with good utility practices.
>
> "Material failure" means the actual or projected failure to achieve the results contemplated in the Company's annual business plan or operating budget by 2% or more as of the end of an annual period.

Exhibit 2

Consent Rights

The consent of the holders of a majority in interest of the Class A Interests would be required for any of the following matters:

1. any recapitalization, reorganization, reclassification, merger, consolidation, liquidation, dissolution or other winding up, spin-off, subdivision or other combination of OEUC, the Company or any of their respective subsidiaries;

2. any declaration, setting aside or payment of any dividend or other similar distribution (including a redemption or repurchase of capital) in respect of any class of capital stock of OEUC, the Company or any of their respective subsidiaries, other than payments of cash dividends on the Preferred Stock of the Company outstanding as of the date of the Closing of the Acquisition in accordance with the terms of the Preferred Stock as in effect on the date of the Closing of the Acquisition;

3. any authorization, sale, issuance or redemption of equity securities (or any warrants, options or rights to acquire equity securities or any securities convertible into or exchangeable for equity securities) of OEUC, the Company or any of their respective subsidiaries, other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

4. any incurrence of indebtedness by OEUC, the Company or any of their respective subsidiaries in the aggregate in excess of $[•] (a) for borrowed money, (b) evidenced by notes, bonds, debentures or other similar instruments, (c) under capital or financing leases or installment sale agreements or (d) in the nature of guarantees of the obligations described in clauses (a) through (c) of any other person or entity, other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

5. any loan or advance (not specified in clause 4) to any person, other than trade credit in the ordinary course of business consistent with past practice;

6. any redemption, acquisition, cancellation or prepayment of a complete or partial discharge in advance of a scheduled payment date with respect to, any material modification or other material amendment of any terms of, or waiver of any material right under, any indebtedness of OEUC, the Company or any of their respective subsidiaries (whether for borrowed money or otherwise), other than in accordance with any then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

7. the entering into or amendment of any contract, agreement, arrangement or commitment with respect to the procurement of goods or services which creates or could reasonably be expected to create a financial obligation in an amount, whether payable at one time or in a series of payments, in excess of $[•], except as contemplated by any then-current

annual operating or capital budget and business plan approved in accordance with these consent rights;

8. any capital expenditures in an amount greater than $[•], in any transaction or series of related transactions, except as contemplated by the then-current annual operating or capital budget approved in accordance with these consent rights;

9. any purchase, lease or other acquisition of any securities or assets of any other person, except for acquisitions of securities, products, supplies and equipment in the ordinary course of business consistent with past practice or acquisitions pursuant to the then-current annual operating or capital budget and business plan approved in accordance with these consent rights;

10. any sale, lease, exchange, transfer, or other disposition of OEUC's, the Company's or their respective subsidiaries' assets or businesses on a consolidated basis (including, without limitation, the capital stock of any subsidiary), except to the extent that such transactions in any fiscal year in aggregate do not exceed $[•] or [•]% of such entity's net revenues, as determined by an independent appraiser of national standing;

11. any joint venture, partnership or other material operating alliance by OEUC, the Company or any of their respective subsidiaries with any other person;

12. any material change in accounting policies, practices or principles, or voluntary change in OEUC's or the Company's outside independent auditor or accountants;

13. any voluntary proceeding or filing of any petition by or on behalf of OEUC, the Company or any of their respective subsidiaries seeking relief under the Bankruptcy Code or the voluntary wind up, dissolution or liquidation of OEUC, the Company or any of their respective subsidiaries;

14. any employment contract with the executive officers of OEUC, the Company or any of their respective subsidiaries, including any material change in the compensation or terms of employment of such executive officers, or any employee stock option plan, equity incentive plan or any other material employee benefit plan;

15. the hiring or firing of a Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of the Company;

16. any change in the principal line of business of OEUC, the Company or any of their respective subsidiaries as in effect on the Closing;

17. the adoption of, or amendment to, the Company's annual operating budget, capital budget and three-year financial plan, each of which will be updated annually;

18. any public offering or private sale of equity securities (other than financing activities in the ordinary course) or any change of control of OEUC, the Company or any of their respective subsidiaries;

19. any transaction involving conflicts of interest between the OEUC and the Managing Member, any member or Affiliate thereof (including employees and directors of the Managing Member, any member or Affiliate thereof) or payment of any advisory or similar fees by OEUC, the Company or any of their respective subsidiaries to the Managing Member, any member or Affiliate thereof;

20. any amendment or modification of OEUC's, the Managing Member's, the Company's or any of the Company's subsidiaries' organizational documents (including limited liability company agreements);

21. any filing to obtain a material governmental permit or approval, any material filing in connection with a Company rate proceeding or any material change to the rates or other charges under any Company tariff, or any material amendment to any such filings;

22. initiation, settlement or compromise of any action, suit, claim, dispute, arbitration or proceeding by or against OEUC, the Company or any of their respective subsidiaries (i) that would materially adversely affect such party, (ii) that results in aggregate value/cost of more than $[•] or (iii) would require OEUC, the Company or any of their respective subsidiaries to be subject to any material equitable relief or to take or refrain from taking any material action in connection with the conduct of its business;

23. any action (or failure to act) by OEUC, the Company or any of their respective subsidiaries that would result in any holder of a membership interest in OEUC or any affiliate thereof being subject to (a) regulation as a "holding company" or a "subsidiary company" or an "affiliate" of a "holding company" or a "public-utility company" under the 1935 Act or (b) any other federal or state regulation, in each case that is reasonably determined by such affected party to have an adverse effect;

24. any modification of the name of OEUC or the Company; or

25. any contract, agreement, arrangement or commitment to do or engage in any of the foregoing.

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EXHIBIT 11

BIOGRAPHIES OF LOCAL APPLICANTS

ATER WYNNE LLP
222 SW COLUMBIA, SUITE 1800
PORTLAND, OR 97201-6618
(503) 226-1191

EXHIBIT 11

Neil Goldschmidt

Neil Goldschmidt has served as Governor of Oregon, Mayor of Portland, U.S. Cabinet Secretary, and executive officer of a Fortune 500 corporation.

Mr. Goldschmidt is a principal in a small consulting firm (Goldschmidt Imeson Carter) focused primarily on strategic planning and problem solving for national and international businesses. He serves a limited number of clients on a continuing basis.

Mr. Goldschmidt served on the Boards of NIKE Canada, Gelco, National Semiconductor, Pacific Gas Transmission Company, Kaiser Foundation Health and Hospital Plan, and Infocel. He served on the private boards of Claremont Technologies, Analogy, Renaissance Bankcard Services, M Group Mutual Fund, Finatus, and BDM.

PUBLIC SERVICE

State Board of Higher Education, President
Oregon Ballet Theatre, current
Oregon Children's Foundation, Chair, 1991 - Present
Park Blocks Foundation, current
OHSU Board, 1995-1999

NATIONAL ORGANIZATIONS

National Fish and Wildlife Foundation Board, current

Mr. Goldschmidt is a graduate of the University of Oregon, where he was president of the student body. He earned a law degree from the University of California's Boalt Law School in 1967 and was a Legal Aid lawyer in Portland from 1967 until his election to the Portland City Council in 1970.

Elected Mayor of Portland in 1972 at the age of 32, he was the nation's youngest big-city mayor. During Goldschmidt's years as Mayor, Portland became a national model for mass transit, building both a light rail system and a downtown transit mall. His administration made a strong commitment to preserving Portland neighborhoods, creating new downtown housing and revitalizing an aging city business core.

Mr. Goldschmidt served as U.S. Secretary of Transportation for President Jimmy Carter from 1979 until January 1981, and was known for his work to revive the ailing automobile industry. He also spearheaded efforts to deregulate the airline, trucking, and railroad industries.

Prior to his 1986 gubernatorial campaign, Goldschmidt was an executive of NIKE, Inc., serving as international Vice President from 1981 to 1985, and as President of NIKE Canada from 1986 to 1987.

Mr. Goldschmidt served as Oregon's Governor from 1987 to 1991, leading the "Oregon Comeback." The Comeback represented a rebirth of economic vitality founded on the key principles of building new partnerships, targeting investments, leveraging resources, and raising expectations of what every region of the State could accomplish. In addition, he was responsible for establishing the Oregon Children's Agenda.

Since completing his term as Governor, Mr. Goldschmidt has continued his interest in children's issues through the Oregon Children's Foundation, created in 1991 by Goldschmidt and the Ater Wynne Hewitt Dodson & Skerritt law firm. The Foundation's initial effort, SMART, is an early literacy program for children in kindergarten through second grade. The Foundation recruits SMART business and organization sponsors to allow their employees to leave work during the day to tutor children in nearly 260 public schools. Currently 12,000 volunteers are reading with 12,000 students each week.

Mr. Goldschmidt was recently appointed to head the Oregon State Board of Higher Education by Governor Ted Kulongoski.

Mr. Goldschmidt received the Pioneer Award from University of Oregon in 1982 and was presented the 1998 Citizen of the Year Award by the Portland Metropolitan Association of Realtors. In 2000, he received the Aubrey R. Watzek Award from Lewis & Clark College. He holds honorary degrees from Oregon Health Sciences University, the University of Portland, and Lewis & Clark College.

Mr. Goldschmidt was born June 16, 1940, in Eugene, Oregon. He is married to Diana Snowden Goldschmidt, a former executive with Pacific Power and Light. They share four children: Josh, a Portland police officer; Becca, who works in marketing for R&H Construction; Neilan, who attends the University of Colorado; and Kirstin, Deputy District Attorney for Multnomah County. Neil is the proud grandfather of Micaela, born in November 1995, Jaden born in May 1999, and Delaney born in February 2003.

Gerald Grinstein

Gerald (Jerry) Grinstein is a principal of Madrona Investment Group, LLC, a Seattle-based investment company, and a strategic advisor to Madrona Venture Fund, a Seattle-based venture fund. In addition, he is Chief Executive Officer and a member of the Board of Directors of Delta Air Lines, Inc. (Delta). He previously served as non-executive Chairman of Delta from 1997 to 1999, and thereafter remained on the Board as a director. He is also a director on the Board of PACCAR Inc., Vans, Inc., and The Brink's Company.

Mr. Grinstein served as non-executive Chairman of the Board of Agilent Technologies from August 1999 until November, 2002. As Chairman and Chief Executive Officer of Burlington Northern Inc. ("BNI"), he oversaw the Company's acquisition of Santa Fe Railroad, which created the nation's largest railroad. Mr. Grinstein was elected to the Board of Directors of BNI in 1985, was named Vice Chairman in 1987, President and Chief Executive Officer in 1989, Chairman, President and Chief Executive Officer in 1990, and Chairman and Chief Executive Officer in 1991. He retired as Chairman and Chief Executive Officer of BNI in 1995.

Before joining BNI, Mr. Grinstein held positions as Chief Executive Officer and Chairman of the Board of Western Airlines, Inc., and was a partner in the law firm of Preston, Thorgrimson, Ellis & Holman in Seattle from 1969 to 1983. His prior career includes serving as Chief Counsel to the U.S. Senate Commerce Committee, Counsel to the Merchant Marine & Transportation Subcommittee, and Administrative Assistant to U.S. Senator Warren G. Magnuson.

During his tenure at Western Airlines and BNI, Mr. Grinstein had extensive contacts with the City of Portland and the Port of Portland on issues ranging from economic development to light rail transit to export facilities. At an earlier time, as a lawyer, he worked on regional energy issues with the Bonneville Power Administration.

Mr. Grinstein is President of the Board of Regents of the University of Washington, a member of the Henry M. Jackson Foundation, and serves on the boards of the Seattle Symphony, the Seattle Foundation, and Long Live the Kings, an organization whose mission is to restore wild salmon to the waters of the Pacific Northwest.

A native of Seattle, Mr. Grinstein graduated from Yale College in 1954 and Harvard Law School in 1957.

Tom Walsh

Tom Walsh is the President of Tom Walsh & Co., a Portland builder of affordable housing.

From 1991 to 1998, Mr. Walsh served as General Manager of Tri-Met, the Portland regional transit agency. In 1960, he founded Walsh Construction Co., a general contractor specializing in multi-family construction, where he held the position of Secretary through 1990.

Mr. Walsh has served with many Oregon civic groups, including as Chairman of the Oregon Roads Finance Committee, Vice Chairman of the Oregon Transportation Commission, and Chairman of the Glenn Jackson Scholars Program. He has been on the boards of the Oregon Historical Society and the Lewis & Clark Bicentennial. In addition, Mr. Walsh has served as Chairman of the Oregon Board of Forestry and as a member of the Oregon Land Conservation & Development Commission. In 1991, he was appointed as Oregon's representative to the Endangered Species Committee for the spotted owl.

Mr. Walsh received a B.S. in Engineering from Stanford University in 1962.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company

EXHIBIT 12

BREAKDOWN OF INVESTORS IN TPG APPLICANTS

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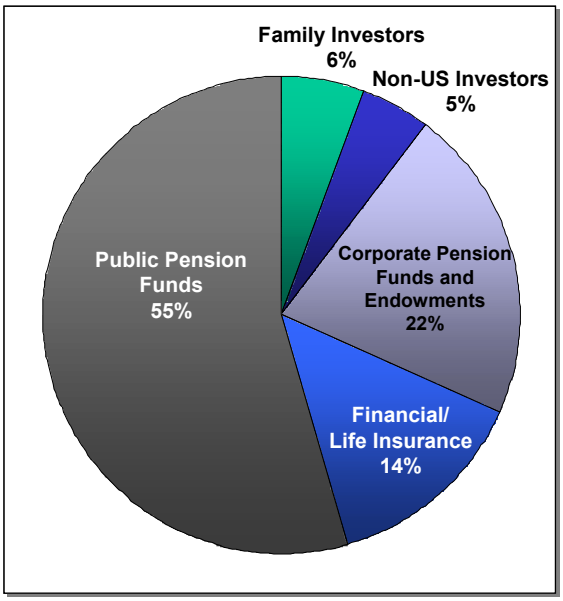
EXHIBIT 12

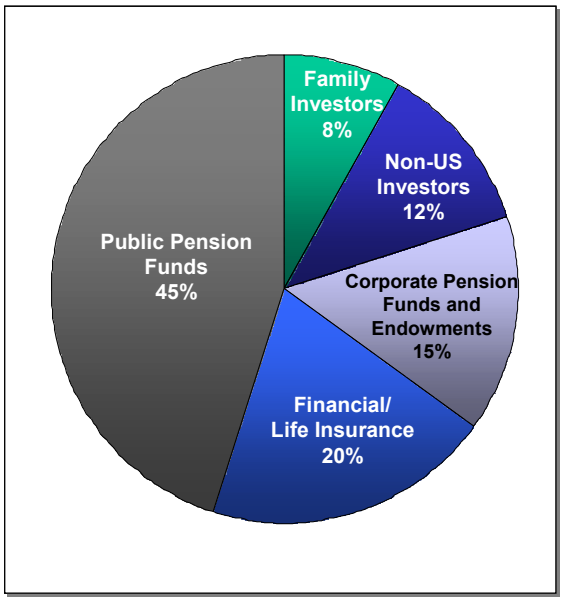
BREAKDOWN OF INVESTORS IN TPG APPLICANTS

TPG III



$3,500 million

TPG IV



$5,800 million

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EXHIBIT 13

SUMMARIES OF SELECT TPG INVESTMENTS

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EXHIBIT 13

SUMMARIES OF SELECT TPG INVESTMENTS

Continental Airlines (NYSE: CAL)

Continental Airlines is the fifth largest airline in the United States, serving destinations throughout the world through hubs in Houston, Newark and Cleveland.

In 1993, Continental was widely thought of as a poorly run airline, as evidenced by its results. Continental ranked last out of the ten largest U.S. airlines in all key customer service areas as measured by the Department of Transportation ("DOT"). It ranked last in on-time arrivals, baggage handling, customer complaints, and involuntarily denied boardings. In fact, the company had not posted a profit since 1978. In 1993, however, TPG believed that the cyclical airline industry was just emerging from a low point in the economic cycle. Further, although Continental clearly suffered from a host of operational issues, the company actually enjoyed a low-cost structure, which TPG believed would ultimately enable the airline to take advantage of the anticipated industry improvement.

The principals of TPG, in conjunction with Air Canada as their partner, led a $6 billion reorganization of Continental under Chapter 11 of the Bankruptcy Code in 1993. The reorganization capped over six months of negotiations with various constituencies. Ultimately, the transaction infused $450 million in capital into the airline and resulted in one of the largest bankruptcy emergences in U.S. history at that time.

Few industries rival the airline sector for operational complexity. The investment in Continental was made on the basis that numerous improvements could be made and executed. The turnaround involved four key elements. First, TPG recruited an exceptional new management team to help lead the turnaround, led by Gordon Bethune (formerly of Boeing) and Greg Brenneman. Second, a new business strategy was implemented. The carrier's route and hub structure was redesigned, which involved the divestiture of certain second-tier hubs, including Denver, while rapidly expanding and investing in promising locations, primarily Newark. Third, management took actions to improve the efficiency of the airline. These actions included investing in a new fleet of aircraft, rationalizing lease structures and restructuring long-term indebtedness. Fourth, and probably most importantly, the company's culture was revolutionized to change the way the company approached its business. Management instituted a series of incentives that were designed to reward employees for meeting certain DOT targets each month—as Continental's customers benefited from greater on-time departures and fewer lost bags, so did Continental's employees.

As a result of all of these actions, management successfully remade the airline. Continental dramatically improved its customer service and performance, as evidenced by its rise from tenth to third in on-time performance and sixth to third in complaint

ranking in just three years. From a net operating loss of $174 million in 1994, Continental's net income grew from $215 million in 1995 and to $387 million in 1998. TPG sold its interest in Continental in 1998. Two representatives from TPG remained on the Board of Directors of Continental until 2004.

Denbury Resources (NYSE: DNR)

Denbury Resources is an oil and gas exploration and production company focused primarily in Mississippi and Louisiana.

TPG invested in Denbury in 1995 to help fund the company's growth. At the time, Denbury had 14.3 million barrels ("MMBOE") of proven reserves and generated $9.4 million of annual cash flow. TPG was attracted to Denbury's strong management team and their focus and specialized expertise in the Mississippi and Louisiana regions. At that time, many of the major oil and gas companies were divesting their more mature domestic properties in favor of international expansion. Denbury's strategy was to acquire those properties and extract additional production and value out of them, something Denbury had proven expert at doing but was typically left undone by the majors given their focus on larger projects.

In 1998, oil prices suffered a steep collapse to $10 per barrel. Given its predominantly oily reserve base and production, Denbury saw its earnings decline precipitously. TPG invested an additional $100 million in the company in late 1998 to help the company strengthen its balance sheet and pay down debt, as well as to position the company to take advantage of attractive acquisition opportunities in light of the depressed commodity price environment. TPG's investment allowed the company to restructure its balance sheet and to emerge out the oil price cycle as a financially healthy company.

Since that time, Denbury has continued to generate strong grow both organically and through acquisitions. Today, Denbury has 128 MMBOE of reserves and generates approximately $200 million of annual cash flow. TPG continues to hold an interest in the company after nine years, and has three Board seats.

Del Monte Foods Company (NYSE: DLM)

Del Monte Foods Company produces, distributes and markets branded and private label food and pet products for the United States retail market. The Company's food brands include Del Monte, StarKist, Contadina, S&W, College Inn and other brand names, and its pet food and pet snacks brands include 9Lives, Kibbles 'n Bits, Pup-Peroni and Pounce.

In 1997, TPG acquired Del Monte Foods from a group of private investors. TPG partnered with two senior executives who had formerly been with Dole's packaged foods business to jointly develop a business plan for the reinvigoration of Del Monte by extending the brand into new products and new packaging. TPG was attracted to Del Monte's strong, one-hundred-year-old brand name and leading market share in the dry grocery channel and believed that Del Monte would provide a solid foundation from which to expand the business.

Over the next four years, TPG supported the investment of $227 million to acquire four complementary brands, including Contadina (canned tomato business), SunFresh (fresh cut fruit business), and Del Monte Latin America. In 1999, Del Monte went public and, three years later, in 2002, merged with certain food businesses owned by Heinz, including pet food, soup, tuna and baby food, to create one of the leading companies in the dry grocery sector.

Del Monte has experienced substantial growth since TPG's investment, with revenues increasing from $1.2 billion in 1996 to over $3 billion today. TPG continues to own an interest in the company after seven years and has one Board seat.

Oxford Health Plans (NYSE: OHP)

Oxford is a leading managed care company providing health benefit plans primarily in New York, New Jersey and Connecticut.

The company enjoyed a period of rapid growth during the early and mid-1990s. Membership had grown from only 100,000 in 1992 to 2.1 million by 1997, with revenues totaling over $4 billion. However, by 1997, the company had failed to make the investments in its information, financial and customer service systems that were necessary to keep up with its growth. Customer calls were going unanswered, and unpaid claims were piling up. The company lost the ability to correctly monitor its medical costs or determine the appropriate amount of reserves it should have. As a result, the company realized that its costs were higher than it had been accounting for, and the Department of Insurance in New York threatened to shut the company down unless its reserves were increased. Oxford required several hundred million dollars to bring its balance sheet into compliance. In addition, shareholder litigation related to improper financial reporting threatened to bankrupt the company.

In May 1998, TPG invested approximately $280 million in Oxford and took the lead in effecting a $710 million comprehensive restructuring to save the company. TPG believed that, despite the company's financial, computer systems and litigation troubles, Oxford was fundamentally a premier franchise in a major market. The company's core business was strong, and TPG believed that the company could divest its unprofitable, non-core operations. Importantly, the managed care industry appeared to be poised for a cyclical upturn in prices, which would provide some "wind at the back" for the turnaround. Finally, TPG recruited a new CEO, Dr. Norm Payson (formerly the CEO of Healthsource), as well as a leading management team, to bring experienced and effective leadership to the turnaround.

Through a combination of TPG's guidance and the superior execution of Dr. Payson and his team, Oxford was able to rebound successfully. The company substantially lowered its medical costs, with its medical loss ratio declining from 103% at the beginning of 1998 to 91% by the second half of 2000. Overhead costs were also dramatically reduced, with SG&A declining from $772 million in 1998 to $476 million in 2000, or from 17% to 12% of revenue. The company fixed its systems and reduced its claims inventory from 1.2 million in 1998 down to 455,000 in 2000, and reduced the average processing time for a claim from 24 days to seven. As a result of all of these initiatives, Oxford's EBITDA improved by approximately $900 million, from a loss of $340 million in 1998 to $561 million in 2002.

Oxford remained a public company during TPG's investment. TPG sold its position through a series of public market transactions by 2002. One of the TPG partners responsible for making the investment still remains on Oxford's board of directors. Today the company has over $5 billion of revenue and an equity market capitalization of $4 billion.

Beringer Wine Estates

Beringer is one of the largest wineries in the United States and is engaged in the production, marketing and distribution of premium wines. The company's seven nationally-recognized brands of premium wines include Beringer, Meridian, Napa Ridge, Chateau St. Jean, Chateau Souverain, Stags' Leap Winery and St. Clement. The company is also the second-largest winery holder of vineyards in the United States, with over 10,000 acres of owned and leased land located in California.

In January 1996, TPG partnered with Beringer's management team to acquire WineWorld Estates (subsequently renamed Beringer) from Nestlé for $365 million. TPG believed that Beringer had a strong brand name and a loyal customer following, but its larger corporate parent had underinvested in its operations. In addition, TPG believed that the premium wine sector had attractive long-term growth prospects and that Beringer represented an attractive foundation from which to harness this growth.

In partnership with the management team, TPG executed a "buy-and-build" strategy by identifying attractive acquisition opportunities for Beringer. In April 1996, Beringer purchased Chateau St. Jean, a leading Sonoma winery, for $30 million. This acquisition expanded the company's product offerings in the higher-priced segments of the premium wine business, particularly in Chardonnay, and enabled the company to take advantage of economies of scale in production, marketing and distribution. Beringer purchased Stags' Leap Winery for $23 million in 1997 and St. Clement Vineyards in 1999, enhancing the Company's position in the higher-priced segments of the premium red wine business. The company also established a dominant position in the rapidly growing white Zinfandel market where its product ultimately became the leading wine product sold in the U.S. wine market.

During TPG's ownership period, Beringer more than doubled its revenue and EBITDA. Gross revenue grew from $232 million at the time of TPG's investment to $439 million in 2000 (annual growth rate of 17%), EBITDA grew from $54 to $114 million and volumes grew from 5.0 million cases per year to 7.7 million. During this period, TPG supported $211 million of investment in the business.

The company went public in 1997. TPG did not sell any shares in the offering, but rather took the company public to raise capital to improve the company's balance sheet and for further investment in Beringer's business. The company was subsequently sold to Fosters in 2000, at which time TPG sold its investment. The original management team that TPG had partnered with in 1995 continues to run the Beringer business today.

Petco (NASDAQ: PETC)

Petco is a leading specialty retailer of premium pet food, supplies and services, with over 600 stores in 43 states. Petco's stores tend to be located in convenient neighborhood shopping centers and offer customers a complete assortment of pet-related products at competitive prices. The company's store concept combines the broad merchandise selection and everyday low prices of a pet supply warehouse store with the convenience and service of a neighborhood store. Ninety percent of Petco's products cannot be found in supermarkets or other outlets.

In 1999, despite a long history of robust operating and financial performance, Petco's stock languished due in large part to inflated perceptions about competition from Pets.com and other online pet supply companies. TPG was attracted to Petco's solid historical performance and competitive positioning, notwithstanding Internet hype, and believed that Petco would continue to grow and expand in the future. TPG partnered with another investment firm and with the existing management team to take the company private in 2000 for approximately $600 million.

Since TPG's investment, the company's performance continues to be outstanding. Despite a challenging retail environment over the last few years, Petco's same-store sales grew by 8.6% in 2001, 8.0% in 2002, and 5.6% (estimated) in 2003. EBITDA for 2003 is estimated at $193 million, representing total growth of 65% over the EBITDA level of $117 million in 2000 at the time of TPG's investment. With encouragement from the Board, Petco accelerated its investment in new store openings from an average of 20 stores per year in the five years prior to TPG's investment to an average of 40 to 50 stores per year since 2000.

In February 2002, Petco completed an IPO, raising capital to bolster its balance sheet and invest in the business. TPG continues to hold an interest in the company and has two directors on the Board.

MEMC (NYSE: WFR)

MEMC is a worldwide leader in the manufacture of silicon wafers for the semiconductor industry. The company offers a comprehensive line of wafer products of different sizes and types to the world's largest semiconductor manufacturers.

Prior to TPG's investment in MEMC, 70% of the company was owned by E.ON (a $40 billion German utility conglomerate) and 30% of its equity was publicly traded. E.ON was also MEMC's largest creditor, with approximately $1 billion in outstanding loans to the company, and had invested more than $2 billion in MEMC's facilities over the previous five years. Despite significant investment from its parent, MEMC was losing $80 million a year. Given the continued downturn in the semiconductor market and mounting losses at the company, E.ON was no longer able or willing to continue to fund MEMC. E.ON tried unsuccessfully for over a year to divest its stake in the company. Absent the ability to effect a sale of the company, E.ON seriously considered bankrupting the company.

Despite MEMC's precarious condition, TPG decided to acquire E.ON's stake in MEMC. TPG's ultimate belief in the investment came from its insight into the semiconductor cycle and its belief that the company could materially reduce its cost base. TPG had previously invested in several other semiconductor companies and had lived through prior cyclical downturns. In TPG's view, this cycle was unique in that semiconductor purchasing was artificially depressed as the market worked down excess inventory, implying that spending would increase even absent an improvement in end-market conditions. As a critical raw material to semiconductor manufacturing, the semiconductor wafer market served by MEMC was experiencing the exaggerated effects of this inventory phenomenon. TPG's experience and contacts in the industry helped it determine that, even in the absence of end market growth, wafer production should increase robustly as inventory levels were worked through, bringing production and consumption back into equilibrium.

TPG's investment in MEMC closed two months after September 11, 2001, in the middle of the worst downturn in the history of the semiconductor industry. Immediately following the investment, TPG undertook a series of operational initiatives to contain costs, rationalize order fulfillment processes and reinvigorate core customer relationships through direct sales visits. These actions accelerated with the TPG-led recruitment of a new CEO and a new Board that included former semiconductor industry executives. Together with new management, TPG helped lead a cost turnaround that brought gross margins from negative 8% in Q4 2001 to positive 25% in Q4 2002. Cash flow from operations improved from negative $18 million in Q4 2001 to positive $43 million in Q4 2002, in spite of continued softness in the company's end markets. Rather than having to pursue a bankruptcy process, MEMC was able to recapitalize its balance sheet, while maintaining its headquarters and jobs in St. Louis.

MEMC's performance has improved dramatically as a result of cost reductions that TPG initiated and an improvement in the semiconductor market, with current last twelve

months revenue and EBITDA of $756 million and $167 million, respectively, versus $500 million and negative $80 million at the time of TPG's purchase. TPG continues to control the company today and has two representatives on the Board of Directors.

BEFORE THE PUBLIC UTILITY COMMISSION

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EXHIBIT 14

BACKGROUND ON TPG

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EXHIBIT 14

TEXAS PACIFIC GROUP PROFILE

Texas Pacific Group (TPG) is one of the largest private equity investment firms in the country, managing over $13 billion in equity commitments on behalf of many of America's largest pension funds and other institutional investors. Founded in 1993 by David Bonderman, James Coulter and William Price, TPG pursues investments in leading businesses in a broad range of industries throughout the United States and Europe. The firm's 50 investment professionals and other staff are based in offices in San Francisco, London, Washington, D.C., and Fort Worth.

Today, TPG holds an interest in approximately 30 companies. These companies have combined revenues of more than $36 billion and employ more than 250,000 employees. TPG is not a holding company. Companies in which it invests are independently capitalized, run by committed local management, and overseen by dedicated, top-quality Boards of Directors.

The firm's investments span a broad range of industries including energy, healthcare, airlines, retail, consumer products, food and beverage, and technology companies. Some of TPG' s best known investments have included Continental Airlines, Beringer Wine Estates, ON Semiconductor, Burger King, Seagate, Del Monte, Petco, Ducati Motorcycles, Hotwire.com, J. Crew, America West Airlines, MEMC, and Gate Gourmet.

TPG is proud of its association with these quality companies. Some of these firms, prior to TPG's investment, were in challenging circumstances in spite of their distinguished pasts and strong franchises. When this has occurred, TPG has brought the sponsorship and resources to help these companies pursue strategies to return them to their prior success. As one example, in 1993, the founding partners of TPG successfully helped Continental Airlines emerge from bankruptcy and, working with management, enabled it to become a premier air carrier and one of the most admired companies in the country.

Among TPG's institutional investors are many of America's largest public and private pension funds, banks and insurance companies. In effect, a portion of the retirement savings of millions of American employees is managed by TPG and invested in companies chosen by TPG. One such investor is the Oregon Public Employees Retirement Fund, which has been an investor in every TPG fund since the firm's founding.

June 2, 2002 — San Francisco Chronicle — Sunday Edition

Little-known S.F. Firm Specializes in Complex Buyouts

3 partners hunt where other investment firms fear to tread

By Carol Emert
CHRONICLE STAFF WRITER

In November 2001, a FedEx package containing six $1 bills was shipped from the 33rd floor of a chic high-rise in San Francisco's Financial District. It was an unconventional payment sealing an unconventional deal by a highly unconventional local buyout firm.

For the price of a smoked turkey sandwich, San Francisco's Texas Pacific Group had acquired the fourth-largest silicon-wafer maker in the world, Missouri's MEMC Electronic Materials Inc. MEMC's public stock was worth $245 million and the company had $100 million in the bank. TPG bought it with cash the partners fished out of their wallet.

Today, after a restructuring and signs of recovery in the chip industry, MEMC's market capitalization totals $1.5 billion; both its debt load and its losses are dramatically lower. If all goes according to plan, TPG's $6 purchase should yield a return of millions of times the invested capital in a field where a double or triple return is considered top notch.

TPG – which for tax and historical reasons is headquartered in Fort Worth, Texas, although its investing team is based in San Francisco – is not a name most people know. But its past and present investments include household names like retailer J. Crew, Beringer wines, Bally shoes, Del Monte, Ducati motorcycles, America West Airlines, Continental Airlines, Petco pet stores and Oxford Health Plans.

Earlier this spring, Burger King and Quest Communications emerged as acquisition targets, although TPG dropped out of the Quest race after bidding got too expensive. A decision on Burger King is expected this summer.

The firm's low profile is strategic, not accidental.

TPG recently pulled the plug on its perennially "under construction" Web site, in the belief that people who need to know about the firm already do – and that providing easy information to its competitors is just plain dumb.

Shy partners

Founding partners David Bonderman, 59, Jim Coulter, 42, and Bill Price, 46, eschew most media coverage and declined to be photographed for this article. Bonderman declined to be interviewed.

Even as TPG cruises beneath the radar screen, the firm is an important profit generator for major private equity investors such as the California Public Employees' Retirement System, which has invested hundreds of millions of dollars with the firm.

With more than $10 billion under management in a variety of funds spanning Asia, Europe, venture capital, hedge funds and buyout, TPG is one of the largest private equity operations in the United States. Profitwise, the buyout group's 30 percent-plus average annual return puts it in the top 10 percent of its peers.

TPG was formed around a single deal – the turnaround of Continental Airlines a decade ago. Bonderman, who ran investments for the Robert Bass Group of Fort Worth, wanted to buy the troubled Houston carrier out of bankruptcy. Bass, a billionaire whose family wealth was made in the Texas oil fields, didn't.

So in 1993, Bonderman and his top lieutenant, Coulter, a young Stanford MBA, hooked up with Price from GE Capital to found Air Partners and buy the carrier.

Air Partners changed its name to Texas Pacific Group a short time later – "Pacific" because Coulter and Price, who had both gone to school in the Bay Area, had chosen San Francisco as their new base. Bonderman attends the firm's Monday morning Partner meetings by phone.

"In the early '90s, San Francisco was not the middle of the financial universe," said Price, a third-generation Californian who is active in local AIDS charities. "We liked not being in New York or L.A."

The Continental deal established TPG's reputation as a smart and contrarian investor when, after years of ups and downs, TPG sold Continental's stock in 1998 for 11 times its initial investment.

Today, the clean-cut trio still tends to go for the hairiest deals around – businesses that are so complex or apparently risky that other firms won't touch them.

"When we looked at Continental Airlines, we said we wouldn't touch this with a 10-foot pole," said Warren Hellman of Hellman & Friedman, another respected San Francisco buyout firm. "They will buy things at cyclical points in an industry, whereas we basically don't think we have any idea how many people are going to ride airplanes in five years."

Said Coulter, "We like complexity because it tends to discourage competition. And there are more ways to create value when there are lots of factors in the mix."

Industry insiders draw a sharp distinction between New York buyout guys (think private jets, designer suits, shouting – that's the stereo-

Customers leave J. Crew on 5th Avenue in New York. The company has an investment history with TPG.

Texas Pacific Group

■ **Headquarters:** San Francisco and Fort Worth, Texas

■ **Top executives:** David Bonderman, James Coulter, Bill Price

■ **Current or former investment holdings:** America West Airlines, Bally (shoes), Beringer, Continental Airlines, Del Monte, Ducati (Italian motorcycles), J. Crew, Oxford Health Plans, Petco. The company is also bidding to buy Burger King.

Source: Texas Pacific Group

type) and their Northern California counterparts.

In the four years TPG controlled Oxford Health Plans, a health maintenance organization in Connecticut, "They didn't get hostile and I never saw them lose their temper," Oxford chief executive Norm Payson said. "In the very first quarter, we lost over half a billion dollars, but they did not lose their cool."

TPG's partners "have a lot of juice," Payson said. "They are warm, affable, open people who obviously had high SAT scores, too."

Coulter said he simply sees no reason to get frazzled when a turnaround play hits turbulence. "The only price that matters is where you get in and where you get out," he said.

Sharing the responsibility

While Bonderman, Price and Coulter clearly stand at the peak of TPG's power structure, investment decisions are made by all of the partners. A serious objection by one can scuttle a deal.

"This doesn't feel like three guys on top who run things and a bunch of worker bees below," said John Marren, who runs TPG's technology group. Partners are compensated according to firmwide performance, not on the basis of their own deals – a policy that maximizes cooperation, Marren and other partners said.

Few of TPG's deals come to it the easy way – by waiting for investment bankers to solicit bids for distressed companies. The firm's investment decisions begin with an unusually high caliber of economic analysis.

Each quarter, TPG invites heavy-hitting scholars and economists to sit down with the partners and chew through detailed economic forecasts. Then TPG's partners and researchers go to work studying various financial upheavals – such as the Clinton administration's planned health care overhaul or the post-Sept. 11 insurance industry cataclysm.

From there, the partners ply their contacts for turnaround plays whose value has been knocked down in the tumult, but which have potential to be rejiggered and do well when the dust settles. (Since Sept. 11, TPG has undertaken four deals, including bidding for an airline caterer, Gate Gourmet, and starting an insurance company, Endurance Specialty Insurance Ltd.)

When it is not sifting through the flotsam of economic convulsion, TPG trolls for neglected companies or tarnished brands that may not be for sale – yet – but that have potential to be restructured and sold at a profit. Then TPG goes wooing.

By the time TPG's name cropped up in April as a bidder for Miami's Burger King, TPG had pent two years cultivating a relationship with a critical constituency – the chain's U.S. franchisees.

Burger King owner Diageo PLC of Britain is selling the eateries to focus on its liquor brands.

In TPG's 1996 acquisition of Beringer Wine Estates of Napa, the firm teamed with Silverado Partners, a Napa investment firm, well before Beringer's parent company, Nestle SA, announced plans to sell the concern.

Price plied his contacts at Nestle – colleagues from an earlier job at Bain Capital – and began working with Beringer executives several months before the sale was announced. TPG made more than 7.5 times its money back when Beringer was sold to Fosters Brewing Group Ltd. in 2000.

The technology bust

TPG has suffered along with the rest of private equity in the continuing technology bust. Its failed investments included ZiLog Inc., a San Jose semiconductor maker that filed for bankruptcy protection, costing TPG a painful $118 million.

TPG also got caught in the telecom debacle, losing money in four companies including Convergent and Verado, formerly called FirstWorld.

Still, TPG investor Mario Giannini, the chief executive of Philadelphia's Hamilton Lane Advisors, said TPG was quick to recognize its telecom mistakes and wrote off its investments earlier than most.

"They've taken their hits in the last three years, and they've never glossed things over," said Giannini, who ranks TPG in the top 10 among the 150 buyout funds he invests in.

And despite its bubble-related mistakes, TPG has returned an impressive $3 billion to its investors since the markets went south in early 2000.

Three-year-old Natalie Winkler gobbles french fries in Denver. Burger King is an acquisition target for TPG.

The MEMC deal typifies TPG's ability to let a violently crashing market work to its advantage.

MEMC was put up for sale in early 2001 by its owner, the German conglomerate Eon AG, which was under pressure to sell by year's end to satisfy regulatory requirements for buying a U.S. utility it wanted.

Eon was making frequent loans to MEMC while the industry plummeted to its historic nadir. The auction attracted no bids.

In July, TPG approached Eon with a tentative $150 million offer. By early September, with the chip industry in free fall and Eon's year-end deadline fast approaching, TPG had haggled the price down to $6 – $1 for each of six blocks of securities.

Then came Sept. 11, and the world economy appeared to be collapsing. TPG went back to the negotiating table and persuaded Eon to kick in $37.5 million extra as a gift to MEMC. (Neither Eon nor MEMC responded to interview requests.)

For its $6, TPG got 50 million shares and $936 million in MEMC debt. In addition, it guaranteed a $150 million credit facility from an outside bank.

TPG exchanged most of the debt for equity to reduce MEMC's interest payments, but kept enough debt to cover its $150 million credit guarantee. Because debt holders stand ahead of shareholders in a bankruptcy, and because MEMC's assets were worth more than $1 billion, TPG's investment was relatively safe.

"A $150 million risk is a lot in a company that is struggling, but we could always liquidate and get at least our money back," said Marren. "That's why we felt pretty secure in our deal."

TPG did no deals in the 18 months prior to Sept. 11 because, recession or no, prices seemed too high. Immediately after the disaster, "Most of private equity froze," said Price. "People said 'We're scared.' But (at TPG), we're less scared than we've been in years."

Now that corporate America is reeling with one accounting scandal after another, "I think this is really TPG's time," said Rick Hayes, senior investment officer for CalPERS.

"The situation is so complex right now, and big chunks of corporate America is going to get restructured," said Hayes. "That's exactly the type of environment where TPG has prospered in the past."

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Texas Pacific Goes Where Others Fear to Spend

By RIVA D. ATLAS
and EDWARD WONG

IT was one of the first calls David N. Siegel placed when he became chief executive of the beleaguered US Airways last March. Seeking advice on how to hammer out a leaner and meaner business plan, keep his planes flying and renegotiate costly contracts with the unions, he flipped through his files and found the number for the **Texas Pacific Group**, an investment firm headed by David Bonderman, a former civil rights lawyer with a reputation for fixing problem companies.

Mr. Siegel, once a top executive at **Continental Airlines**, had watched Texas Pacific's partners turn an investment of $66 million in the airline, made three years after it filed for bankruptcy in 1990, into a profit of more than $600 million. And they had made nearly as much on their stake in **America West**, which filed for bankruptcy in 1992.

Gary Spector

The Texas Pacific Group partners, shown in 1996, are, from left, William Price, David Bonderman, Richard Schifter and James Coulter. They gravitate to businesses few others will touch, like technology and airlines.

That search for advice turned into an offer. Why not let Texas Pacific have a role in US Airways' revival? asked Richard Schifter, the Texas Pacific executive whom Mr. Siegel reached.

In June, Mr. Siegel called Mr. Schifter again. And days before US Airways announced its plans to file for bankruptcy two weeks ago — but after it had negotiated about $550 million in concessions with its unions — Texas Pacific, based in Fort Worth and San Francisco, agreed to kick in $100 million as part of a $500 million loan to keep the company operating during bankruptcy. It also agreed to buy $200 million of stock, or 38 percent of the company, and take 5 of 13 seats on the board if US Airways emerges from bankruptcy — unless another investor surfaces with a better offer.

Associated Press

David Bonderman

"One of the reasons we were interested is few other folks were," said James Coulter, a partner at Texas Pacific, in an interview after the bankruptcy filing. "There aren't many people around with the stomach or the knowledge to delve into the airline industry."

Texas Pacific, which manages $8 billion, thrives by buying businesses no one else wants. Mr. Coulter and Mr. Bonderman made their names during the recession of the early 1990's with investments in Continental and America West. The firm's hallmark is to take an active hand in shaping companies, sometimes ousting poor managers and tapping its extensive network of contacts for talented replacements.

Now the partners are again looking for trouble. In the last year alone, Texas Pacific has announced or completed six acquisitions, most in unloved industries like semiconductors, reinsurance and airlines. Just last month, it announced plans to buy Burger King, which has been losing market share, for $2.26 billion. It is also bidding for **Bankgesellschaft Berlin**, a large and troubled bank.

The most creative, and potentially lucrative, of these deals could be Texas Pacific's acquisition last November of MEMC Electronic Materials, a semiconductor company, for $6 — yes, just $6 — in cash. It will also guarantee a $150 million bank loan.

Texas Pacific Goes Where Others Won't

Lose Some, Win More

Here are some of the well-known companies that David Bonderman and his partners, now known as the Texas Pacific Group, have invested in and tried to turn around.

	COMPLETED	PRICE: *millions*	OUTCOME	
CONTINENTAL AIRLINES	April '93	$450	Founders sold most of their stake to Northwest in 1998 for 11 times their investment.	+
AMERICA WEST AIRLINES	Aug. '94	267	Founders sold most of their common stock from 1996-98 for triple their investment.	+
FAVORITE BRANDS INTERNATIONAL	Sept. '95	512	The company, a candy maker, filed for bankruptcy in March 1999.	−
BERINGER BLASS WINE ESTATES	Jan.-March '96	395	The winemaker was acquired by Foster's Brewing in October 2000 for $1.2 billion.	+
DUCATI MOTOR	Sept. '96	280	Profits of this Italian motorcyle maker quadrupled since Texas Pacific invested.	+
J. CREW GROUP	Oct. '97	560	Falling profits led the chief executive of this retailer to resign last May.	−
ZILOG	Feb. '98	416	The company, a chip maker, filed for bankruptcy in March of this year.	−
OXFORD HEALTH PLANS	May '98	350	TPG sold most of its stock earlier this year, doubling its money.	+
BURGER KING *(Deal pending)*	July '02	2,260	TPG hopes to make the fast-food chain more profitable.	?
US AIRWAYS *(Deal pending)*	Aug. '02	200	TPG could own 38 percent of the airline when it emerges from bankruptcy.	?

In the last few years, most firms that specialize in leveraged buyouts — the use of junk bonds, bank loans and other borrowings to buy or take big stakes in companies — have been largely inactive. Falling stock prices have made managements reluctant to sell cheaply. Companies that are for sale have tangled finances or face a cash squeeze.

Texas Pacific is different. "This is a terrific environment for them," said Stephen Schwarzman, chief executive of the Blackstone Group, which also specializes in buyouts.

Mark Attanasio, a managing director at Trust Company of the West, which has invested with Texas Pacific, said: "Most other buyout firms want to buy companies that are growing. You don't see many guys wanting to take on operational fixes."

LIKE most other buyout firms, Texas Pacific tries to keep its inner workings private: its partners rarely grant interviews and its Web site is perpetually under construction. Mr. Bonderman, Mr. Coulter and William Price, the third founding partner, declined to be interviewed for this article.

Mr. Bonderman, 59, is known for his rumpled shirts and bright, patterned socks. "He likes argyle socks, and they tend to fall down around his ankles," said Henry Miller, an investment banker who advises troubled companies. Early in his career, when he was a Washington lawyer, Mr. Bonderman argued a case in court wearing a brown velvet suit.

When a Texas Pacific deal is being negotiated, he is known for obsessively staying in touch, even when he is trekking in places like Pakistan, Nepal and, most recently, Bhutan. "Whenever I see a long, unfamiliar phone number pop up on my caller I.D., I know it's David calling," said one investment banker who often works with Mr. Bonderman.

Mr. Bonderman made his reputation in the 1980's as the chief investment officer for Robert Bass, the Texas oilman. Mr. Bonderman enriched Mr. Bass a second time by making early bets in industries like cable television and taking stakes in troubled companies like American Savings & Loan, which had been seized by the government. Over nearly a decade, Mr. Bonderman's picks earned an average annual return of 63 percent for Mr. Bass.

In 1993, Mr. Bonderman struck out on his own with Mr. Coulter, a former Lehman Brothers banker who had also worked for Mr. Bass. They teamed up later that year with Mr. Price, a veteran of GE Capital Capital and Bain & Company, a consulting firm, to form Texas Pacific.

The three men have complementary skills, investment bankers and other deal makers said. Mr. Bonderman is the master strategist and Mr. Coulter is good at structuring deals and the detailed management of the firm's purchases. Mr. Price often recruits managers and advises on operational issues.

"David is very much the optimist, very much the deal maker," said Greg Brenneman, a former president of Continental. "Jim is very much a counterbalance to David. He will sit back and ask the tough questions. He will approach investments a little bit more skeptically than David does."

By the end of the 1990's, Texas Pacific was well established in deal making. It easily raised $4.5 billion from pension funds and other investors in early 2000. To celebrate their war chest, the firm's partners rented San Francisco's City Hall and hired the B-52's to play at a party.

But as the stock market began to tumble, Texas Pacific hesitated. For a 17-month stretch, the partners made no deals. They checked out some of the biggest corporate blowups, including Adelphia, Xerox and Global Crossing, but stayed away, finding the prices and the quality of the businesses untenable.

Instead, Texas Pacific began to hastily exit some existing investments, taking more than $2 billion in profits during that stretch.

"They started to cash out early in the cycle," said Mario Giannini, chief executive of Hamilton Lane, a money management firm, some of whose clients are Texas Pacific investors.

The good times of the late 1990's were not ideal for Texas Pacific — it struggled to find downtrodden companies that needed its help.

But Texas Pacific did manage to spot a few diamonds in the rough. It revived Oxford Health Plans, the health maintenance organization that nearly collapsed in the mid-1990's, almost doubling its money after bringing in new managers and

upgrading computer systems. In 1996, it made a $280 million investment in **Ducati Motor**, the Italian motorcycle maker, whose profits have since more than quadrupled.

But Texas Pacific also stumbled, usually when it bought at the top of the market. Texas Pacific's $560 million investment in the **J. Crew Group**, the clothing retailer, for which it paid a steep price of 10 times cash flow in 1997, has been a disappointment. So has its 1999 purchase of Bally, the shoe maker, which has suffered from lower demand for luxury goods.

Texas Pacific also lost more than $100 million on Zilog, a semiconductor company, and Favorite Brands, a candy maker, both of which filed for bankruptcy.

Some of these investments have taken a toll on the firm's performance. Texas Pacific is still selling off holdings in two investment funds it raised over the last decade. The first fund, a $720 million portfolio raised in 1993 and including investments made through March 1997, should return more than 40 percent, according to one Texas Pacific investor. But its second fund — $2.5 billion raised in 1997 — could return less than half that, this investor estimated, since the firm had less time to take profits on these investments before the stock market sank.

But because Texas Pacific has not sold many of its holdings in the second fund, profits on these investments could rebound. It is hoping, for example, that with new management in place, J. Crew will turn around as the economy rebounds. In any case, one competitor said, "their returns look pretty good when you consider that some other funds won't return any capital" to investors.

BUT with the weak economy throwing many companies into trouble, Texas Pacific seems poised to repeat its earlier success, the investor said. "They should do exceptionally well," he said.

Texas Pacific has a distinct style — if not formula. It relies on talented, self-sufficient managers to restructure troubled companies, preferring to remain hands-off, except for surveillance from the boardroom. When necessary, it replaces managers.

Less than a year after Continental emerged from bankruptcy, for example, Mr. Bonderman watched with frustration as his old friend Robert R. Ferguson, the chief executive, led it to the edge of another trip to bankruptcy court.

Continental's board, where Mr. Bonderman was chairman, then brought in Gordon M. Bethune, an executive at Boeing, and in October 1994 he replaced Mr. Ferguson as chief executive. Mr. Bethune quickly did a top-to-bottom overhaul of the company and is now considered a great turnaround artist of the industry.

"The biggest conflict I've ever seen was with Bob Ferguson," said Clark Onstad, a former general counsel for the Federal Aviation Administration, in describing the thinking of Mr. Bonderman, whom he has known since the 1982 Braniff bankruptcy. "He chose Bethune over his longtime friend Ferguson because he thought Bethune would do a better job."

At America West, Texas Pacific initiated an even more extensive management overhaul. This time, the charge was led by Mr. Coulter and Mr. Schifter, both directors.

W. Douglas Parker, the current chief executive, flew to Mr. Coulter's home in San Francisco to interview for the job of chief financial officer. They talked for hours, and Mr. Parker said the two men quickly realized they had "somewhat kindred spirits."

The board replaced most senior managers at America West, except William Franke, the chief executive, who stepped down last September. His restructuring plan had made the airline profitable a year and a half before it emerged from bankruptcy in August 1994.

Texas Pacific owns just 3 percent of America West, worth about $33.7 million. But those are controlling shares, and the group holds more than 50 percent of the votes.

"These are not passive investors, nor am I," said Donald L. Sturm, a Denver businessman who serves on Continental's board with Mr. Bonderman and Mr. Price. "You're active. Your money is at stake. Your reputation is at stake."

After overseeing managers who worked successfully with unions at Continental and America West, Texas Pacific has a good reputation with labor. That was one reason US Airways was interested in a Texas Pacific investment, said Chris Chiames, a spokesman for the airline.

Mr. Siegel wanted an investor who would "be as labor friendly as possible," Mr. Chiames said. But US Airways can still entertain other bids this fall, and Marvin Davis, the billionaire investor from Los Angeles, has expressed interest.

Texas Pacific's investment in Burger King, made with **Goldman, Sachs** and **Bain Capital**, was announced after two years of discussions among Texas Pacific's partners and the chain's franchisees — even before the company, which had been owned by **Diageo**, the liquor company, was put up for sale, said Julian Josephson, chairman of the National Franchisee Association, which represents most Burger King franchisees.

"We liked what they had to say about the human component of the businesses they buy," Mr. Josephson said. Many other owners, he added, "are dismissive of labor."

At Burger King, Texas Pacific will also be working with an executive it knows. Burger King's chief executive is John Dasburg, the former chief executive of Northwest Airlines, who met Mr. Bonderman and his partners when Northwest bought out their stake in Continental in 1998.

Unlike most buyout firms, Texas Pacific remains enamored with the technology industry, despite the failure of so many start-ups the last two years. It has focused on the semiconductor industry, which like the airline industry is highly cyclical. So far, though, results have been mixed.

THE firm's 1996 acquisition of the Paradyne Corporation, which makes equipment for high-speed Internet connections, has been a huge success. Texas Pacific split it in two and took both parts public in the late 1990's, selling most of its stakes for 23 times its investment. But a much larger investment, its $400 million acquisition of Zilog, the chip maker, in 1998, was made just before the economic crisis in Asia caused chip prices to plummet. Zilog filed for bankruptcy last year.

Texas Pacific is still hoping for a turnaround at a third company, ON Semiconductor, which it acquired for $1.6 billion three years ago. It invested $100 million more last year.

Its latest gamble on the industry, the $6 deal for MEMC, may prove the most lucrative. The cost of mailing the payment to E.On, based in Düsseldorf, Germany, was actually more than the acquisition, one executive close to the deal said.

Texas Pacific, and its partners in the deal, Trust Company of the West and Leonard Green & Partners, agreed to guarantee a $150 million revolving line of credit. Texas Pacific also assumed $900 million worth of debt, most of which it swapped for more

stock in the company.

"They did a good job of timing the acquisition," said Nabeel Gareeb, the company's chief executive, who noted that in the last quarter MEMC reported its first profit since the fourth quarter of 2000.

But Texas Pacific's interest in airlines is clearly sizable. Besides its involvement in Continental, America West and US Airways, the company plans to buy Gate Gourmet, the catering business of the bankrupt Swissair Group.

Two years ago, Texas Pacific started a Web-based discount ticket service called **Hotwire**. It put up most of the $75 million in seed money, then persuaded six airlines to invest with it, said Karl Peterson, the chief executive. Hotwire, instead of asking consumers to bid on tickets, as Priceline does, shows the cheapest ticket on its Web site but does not reveal the exact flight and travel time until after the sale.

The contraction of the new economy has undoubtedly hurt Hotwire, which is privately owned. Mr. Peterson said that the company was still unprofitable but that Texas Pacific remains committed to it.

Last spring, Mr. Peterson met Mr. Bonderman in Aspen to talk about Hotwire and to go snowboarding. Mr. Bonderman seemed perfectly willing to accompany Hotwire down the steep Internet chute. But he does have his limits on risk, Mr. Peterson discovered. Before going down the mountain, Mr. Bonderman strapped on a helmet.

TexasMonthly biz
THE BUZZ ON TEXAS BUSINESS

TOPIC A BY KATHRYN JONES

Barons of Buyout

In the midst of a giant shopping spree, Fort Worth's Texas Pacific Group sets its sights on Internet airline ticketing.

IN THE BATTLE FOR LEISURE TRAVELERS' DOLLARS ON THE Internet, the Purple Demon is swooping in to give *Star Trek*'s Captain Kirk a run for his money. Project Purple Demon is the code name for Hotwire.com, a popular travel Web site that was officially launched in late October to offer discount airline tickets. It's a frisky new competitor of Priceline.com's, the Internet bidding service whose ads feature actor William Shatner. Like Priceline, Hotwire sells excess capacity—unsold seats—on flights. But unlike Priceline, where consumers make bids for discount fares and then wait to see whether their offer is rejected or accepted, there is no bidding on Hotwire. The customer plugs in dates and destinations, and within a minute the site comes up with a price. Hotwire's founders—including six major airlines as partners—are betting that the site's ease of use and bargains (recently a round-trip ticket from Dallas–Fort Worth International Airport to Chicago O'Hare, with a day's notice, went for $236, a fraction of the retail price) will give it an edge over competitors. And they've got a lot riding on its success—$75 million, to be exact.

The company behind all this is a Fort Worth investment firm called Texas Pacific Group (TPG), run by a media-shy financier and founding partner named David Bonderman. Bonderman helped lead the buyout and turnaround of once-bankrupt Continental Airlines, and TPG is known for accomplishing the same thing with America West Airlines. Basically it buys troubled companies with the hope of selling them later for a profit (when debt is used to help finance such deals, they're called leveraged buyouts, or LBOs). TPG cut its teeth doing LBOs of Old Economy companies, and its assets include well-known brands like Del Monte Foods, clothing retailer J. Crew, and luxury shoe retailer Bally; it recently sold Beringer Wine Estate Holdings to the Australian beverage company Foster's Brewing Group for about $1.5 billion. LBOs, remember, were the rage in the takeover-crazy eighties. Buyout artists like Henry R. Kravis used them to gain control of corporate giants like RJR Nabisco. Financiers such as junk-bond king Michael Milken provided the leverage, or borrowed money—in the form of the risky, high-interest junk bonds—that fueled the buyout binge. When the bottom fell out of the junk-bond market in the late eighties, debt—which boosts returns for investors in LBOs—became harder to get and LBOs fell out of fashion. Meanwhile, the sexier venture capital business, with its high-tech high-fliers, drew investment capital away, as did the stock market. As Old Economy companies lost their luster with investors, buyout firms too went looking for high-growth companies with higher returns.

But TPG never was a pure buyout firm nor is it typical of most of the companies in its industry. In the nineties, even while it was doing more-traditional deals, it was pioneering the art of using LBOs in high tech, an industry once widely shunned by the clubby, secretive buyout business as too unpredictable and risky. It has also recently been doing more and more straight equity investments, like Hotwire, where no borrowed money is used. The firm's philosophy is different too. Bonderman and his cohorts see themselves as strategic partners with the companies they buy and invest in, not just dealmakers that buy in and cash out. "The market has changed," says William Price, one of TPG's three founding partners. "Buyout firms have had to focus more on growth companies and how to change

them and add value after they own them. It's not just a simple transaction approach anymore."

The market has changed in other ways too. Now that the stock boom has subsided, and venture capital is no longer producing the returns it once did, institutional investors such as pension funds and insurance companies are pouring more cash into buyout firms' funds. A recent *Business Week* article estimated that LBO funds are expected to raise a record $80 billion this year, a 60 percent increase from the $50 million they raised last year. TPG has profited from the trend; this past winter it easily rounded up $4 billion of new investment money in a mere three months—about 55 percent of the total moneys it had raised to date—for two new TPG funds, one of which was devoted to tech investments. That was a record for the firm, so Bonderman, who is known for his rock and roll parties, threw a private bash in March to celebrate, renting San Francisco City Hall and hiring the B-52's rock band to entertain guests. About a third of the new fund already has been invested, mostly in high tech and in Europe, where the buyout frontier is less expensive and very active, as big companies streamline and shed unwanted divisions. High tech now accounts for about half the $7 billion that TPG manages. The company makes its money from fund management fees and by increasing the value of holdings. TPG won't discuss its fee structure, but the industry norm is a 1 percent management fee and a 20 percent take of profits. Most of the tech companies the firm invests in are in telecommunications—especially wireless—semiconductors, networking, and storage technology. So far TPG hasn't done any deals in Texas, although it's been looking at companies in Austin and the Dallas area.

When Bonderman and James Coulter—both former financial advisers to Fort Worth billionaire Robert Bass—along with Price, a former dealmaker at GE Capital Corporation, were forming TPG in 1993, they decided that they should go against conventional wisdom and invest in high-tech companies even though almost no other buyout firms were. They saw that the industry was maturing, and though cash flows and revenues still could be volatile, tech companies at that time were getting larger, and giants like AT&T and Motorola were shedding divisions. All offered opportunities. "We decided that sitting in 1993 and not investing in technology was akin to sitting in 1893 and saying, 'We're only going to invest in agriculture but not in railroads or autos,'" says Justin Chang, a TPG partner in the firm's San Francisco office who handles high-tech acquisitions.

The right deal came along in 1996, when Lucent Technologies (an AT&T spin-off) put its Paradyne subsidiary up for sale. The unit made telecommunications equipment, like modems, and was, in TPG's view, poorly run and an orphan within AT&T—but a company with interesting technology. TPG bought Paradyne with $52 million in equity and $123 million in debt, installed new management, and split the company into two separate businesses: Paradyne Networks, which makes equipment for the digital subscriber line technology (DSL) that allows high-speed Internet access from ordinary copper phone lines, and GlobeSpan, which makes the microchips used in DSL technology. DSL, of course, has emerged as an important technology for San Antonio–based SBC Communications and other telecommunications companies. Paradyne Networks and GlobeSpan went public last year, netting TPG and its investors a stunning $1 billion in profits thus far. "Both have been phenomenal investments for us in terms of dollar return," Chang says. But TPG didn't sell out; it still has a stake in both companies worth an estimated $2 billion. The firm holds its investments for an average of five to eight years. "Our view is that an initial public offering is a step along the way but not an end in itself," Chang says. "In every single company we've taken public, we still own a meaningful share of the company."

Other big high-tech LBOs have followed: Last year TPG used debt to acquire ON Semiconductor, formerly the semiconductor-components unit of Motorola, in a $1.6 billion buyout that at the time was the largest LBO of a high-tech company in the United States. This spring it announced a $2 billion deal to buy Seagate Technology, a disk-drive maker, in conjunction with Silver Lake Partners, a Silicon Valley fund. Still, TPG's partners acknowledge that borrowing a lot of money to buy a tech-driven company can be dangerous. Too much debt can cripple a company that, to stay competitive, must keep plowing money into its lifeblood, research. According to Price, TPG will use leverage only if a company's cash flow can support it. "As we've been doing more technology investing, that area has naturally become more volatile, so you use less leverage because you don't want to burden the company," he says. Other times, as in the case with Hotwire, a straight equity investment makes more sense. Early this year TPG made the largest private straight equity investment in Europe, plowing $500 million into Gemplus, a French company that is the world's largest maker of the electronic "smart" cards used in mobile phones and computer security systems.

E-commerce is also on TPG's radar screen these days, although the firm is leery of the kind of highfliers that were soaring on Wall Street but then crashed this year. "Our view is that a lot of the pure online companies will not survive," Chang says. "It's the existing companies that have products, brand names, customers, physical fulfillment, and distribution capabilities that will ultimately win as they take their business online." For instance, when Texas Pacific acquired J. Crew, in 1997, the company had retail stores and a catalog business, plus a strong brand name and customer loyalty. But it had no online presence. The firm assigned one of its own managers to start jcrew.com; it now rings up more than $100 million annually in sales and is one of the largest apparel retailers on the Internet. "If you have a good brand, it can play over the Internet quite powerfully," Price says. "We hope that over time, as we build the Bally brand, the Internet will be a key part of its strategy as well."

It's too soon to tell whether Bonderman will be throwing another big bash anytime soon to celebrate the returns on TPG's latest investments, like Hotwire. Meanwhile, other LBO firms are jumping into the high-tech market. And more new investment funds are popping up to go after a piece of the high-tech action. "Five years from now every buyout firm will have a technology practice or will want to have one," Chang predicts. But for now, it's TPG's party and, even without the B-52's, there's some serious rock and roll going on. ✦

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PRIVATE EQUITY

How TPG healed Oxford Health Plans

by David Carey

Conseco. Mariner Post-Acute Network. ICG Communications. The ranks of the so-called PIPEs—minority stakes that private equity shops take in public companies—that have bombed are legion. Their drawbacks, which range from weak target companies desperate for cash to the little power that minority investors can wield, handicap such deals from the start.

But when a PIPE (Private Investment in Public Equity) works, it can be a thing of beauty.

Take Oxford Health Plans Inc. Oxford, a company circling the drain in May 1998, when Texas Pacific Group, a Fort Worth and San Francisco buyout firm, invested $350 million, today is in the pink of health. And TPG's investment, which gave it a 16.6% stake, has proved one of the most successful PIPEs ever.

On Oct. 25, the Trumbull, Conn., medical-plan provider announced a recapitalization in which TPG will swap a portion of its preferred stock and warrants for $120 million in cash and common shares worth about $380 million.

Although TPG declined to comment on the recap or Oxford's turnaround, Oxford CEO Norman Payson recounted the deal's genesis and development.

In December 1997, Payson telephoned TPG's Jonathan Coslet in San Francisco. Payson, then 49, was a former practicing physician who had recently sold Healthsource Inc., the health-care company he had co-founded in 1985, for $1.7 billion. He had come to know Coslet as a result of several bids TPG had made over the years to take Healthsource private.

Payson told Coslet he was bored and itching to do a deal. The two men and TPG's top partner, David Bonderman, mulled over prospective investment candidates.

The previous October, Payson recalls, Oxford had suffered "a cataclysm," losing two-thirds of its market value in one day after it reported hundreds of millions of dollars in unexpected losses. The company said that back-office foul-ups and computer glitches had blinded executives to the true scope of Oxford's plight.

"It was hard to estimate the extent of the problems, because Oxford's information systems were deficient and it had fallen behind in paying claims. The company was losing money, but it wasn't clear how much," Payson says.

Moreover, the entire HMO industry was hobbled by a pricing war, making an investment in any healthcare player risky.

Nevertheless, TPG, which has a history of making contrarian bets, saw a golden opportunity in the tarnished outfit. So Coslet and Payson made a cold call to Oxford's CEO at the time, Stephen Wiggens, and said they had some capital and some ideas.

Wiggens asked, "Can you be here tomorrow?"

They hopped a plane and scrutinized the mess as best they could, with Wiggens' help. Within a week, they handed him a term sheet for a deal.

Payson remembers the mad scramble to get a handle on Oxford's woes.

"We burned the midnight oil," he says. "It was scary; there was so much to do. I was like a deer in the headlights. But David and Jonathan were very steady, unemotional, and focused on the fundamentals. They were very encouraging."

Even though Oxford rounded up other prospective investors—including Kohlberg Kravis Roberts & Co., Chase Capital Partners and Liberty Partners—TPG always had the edge. It got to Wiggens first and sketched out a deal weeks earlier than the others.

That head start, along with its contrarian ways, emboldened TPG to take the plunge. Nervous, the others bowed out one by one.

Payson's and TPG's analysis focused, first, on Oxford's brand value. Phoning Oxford customers and doctors before making their bid, they discovered that the company's reputation and franchise in its main market, New York, was exceptionally strong. They thought the franchise value wouldn't evaporate, no matter what.

Moreover, they accurately predicted the industry as a whole rebounding as pricing firmed up.

After the investment closed, in May 1998, Payson took over as CEO, and he and TPG attacked Oxford's out-of-control costs.

Oxford abandoned markets such as Florida and Chicago, where its franchise was weaker and the competition stronger. It exited the Medicaid business and the bulk of its Medicare operation, which were both unprofitable. In the process, it slashed its work force from 7,500 to 3,500.

Oxford also negotiated lower fee payments to doctors while ratcheting up premiums, and it corrected the horrific back-office problems.

"We didn't put in a new computer system," Payson says. "We worked with what we had, enhanced the software and corrected the glitches. It took the better part of a year to get caught up on our backlog, but we did it."

The market's initial reaction to the new regime wasn't encouraging. By mid-year, Oxford's shares had tumbled from the mid-teens to about $6.

But what ensued, observes analyst Robert Mains of Advest Inc., was "one of the most remarkable turnarounds in the healthcare industry." In 1998 Oxford's net plunged to minus $597 million. This year, profits have more than tripled, to $174.4 million for the first three quarters. The stock closed Friday at $34.81.

TPG isn't the only one the deal enriched. Payson, who invested $24 million of his own money, now has a stake worth more than $100 million.

"It wasn't rocket science," he says. "Just rolling up the sleeves and getting it done. And TPG's role in the effort was huge." D

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Quiet name, big brands
Bonderman, the contrarian behind Texas Pacific Group, is ready to invest again

By KATHERINE YUNG Staff Writer
Published March 3, 2002

One of America's savviest investors is no longer sitting on the sidelines.

After an 18-month self-imposed hiatus, David Bonderman and his **Texas Pacific Group** are eager to get back into the deal-making game.

Expect the buyout group, which owns brands ranging from J. Crew and Bally of Switzerland to Ducati motorcycles and Del Monte canned foods, to churn out enough deals over the next two years to attract the spotlight, say the firm's partners.

Market conditions - inflated prices and an abundance of capital - that had led the media-shy financiers to temporarily suspend new investing no longer exist.

"This is our time," said James Coulter, who founded Texas Pacific nearly a decade ago in Fort Worth with Mr. Bonderman and William Price III. "Our capital is about solving problems, and there's more problems out there than at any recent period."

On the list of possible high-profile acquisitions: Burger King; Gate Gourmet, the world's second-largest airline catering business; and Bankgesellschaft Berlin, Germany's 10th-largest bank.

Since September, Texas Pacific has snapped up a Norwegian phone directory company, a Missouri silicon wafer maker and part of a reinsurance start-up in Bermuda.

As usual, Mr. Bonderman isn't talking. Although his name is closely identified with the firm, he's maintained a distance from the media since he cut his teeth on money management with one of Fort Worth's billionaire Bass brothers nearly two decades ago.

In an ego-driven business populated with the likes of Henry Kravis and Dallas' Tom Hicks, Texas Pacific goes out of its way to avoid getting its name in print or on television or making headlines on the social circuit. The firm itself isn't even named after its founders, as most buyout groups are.

"David's business is not contingent on publicity," said Owen Blicksilver, who has handled public relations for the firm since its founding, regularly turning down interview requests. "The communication he needs to do with his companies and his investors are done directly."

Group decision

Mr. Bonderman, who will turn 60 this year, doesn't single-handedly make Texas Pacific's key investment decisions.

"Any decision requires David, Bill and I to agree," Mr. Coulter said. "David, Bill and I each bring a different skill set to the table - that diversity allows us to make better-quality decisions.

"It's a very consensually driven and fluid place. We don't like a lot of structure."

Texas Pacific ranks as neither the most active nor the largest buyout firm. It has also swallowed a few losses.

But with nearly $8 billion under management, it holds an impressive 26th place in a realm of 1,600 venture and private-equity firms, according to Asset Alternatives Inc., a publishing company that tracks buyout firms. In that field, the firm is among a handful that boasts an internal rate of return greater than 30 percent, says its clients.

"They tend to be very good at out-of-favor, difficult deals to do," said Mario Giannini, president of Hamilton Lane Advisors, a Philadelphia-based consultant to institutional investors, the bulk of Texas Pacific's clients. "In this environment, these are the types of deals that are cropping up."

Where others see only wreckage from the bursting Internet and telecom bubbles, the turnaround expert and his partners behold some tarnished jewels badly in need of polishing through capital injections and a dose of management expertise.

Looking for deals

Technology and telecom aren't the only attractive sectors for these contrarian investors. The firm's deal-makers - who largely work out of a downtown San Francisco office but maintain their Fort Worth headquarters - are also poring through the books of cash-starved retailers and airlines, looking for fruitful opportunities to put some of their capital to work.

"They have a good reputation," said David Toll, managing editor of "The Private Equity Analyst," an industry newsletter. "They do a lot more technology and telecom investing. They also are unusual in that they have a venture capital fund."

A new partnership between Mr. Bonderman and former America West chairman William Franke embodies the firm's contrarian philosophy. Together, they plan to invest in and help manage troubled airlines, Mr. Franke said, and Texas Pacific will have co-investment rights. The move is vintage Bonderman, whom friends and associates describe as a brilliant, hyperactive man who appreciates a good joke and tells you exactly what he thinks.

"David can be enormously funny, keeping a large group of people rolling in the aisles for a long period of time," said architect David Schwarz, who's worked on Mr. Bonderman's homes in Fort Worth; Aspen, Colo.; and Washington.

"He's always throwing out ideas, most of them good," said Charles Wilkinson, chairman of the Grand Canyon Trust.

Mr. Bonderman sits on the board of Mr. Wilkinson's organization, which tries to protect and restore the canyons of the Colorado Plateau. An active conservationist known for his brightly colored socks, Mr. Bonderman also serves as treasurer of the Wilderness Society and a board member for the American Himalayan Foundation.

Two summers of archaeological work in the Colorado Plateau during college spurred Mr. Bonderman's love of the outdoors and desire to protect it. He also rafts rivers, fishes in Alaska, and hikes and drives across some of the world's most unusual terrain, including Pakistan, Nepal and most recently Bhutan.

"He gets emotional," Mr. Wilkinson said. "If the issue isn't worth getting emotional about, he'll probably move on to something else."

Personal touches

The 6-foot-2-inch deal-maker once went so far as to fly to Europe to personally renegotiate a high-rent lease for the Wilderness Society's offices in Washington, Mr. Wilkinson recalled. Mr. Bonderman's effort saved the organization an enormous amount of money.

Mr. Bonderman's position among the financial elite occurred by accident after a disappointment at Tulane University and a chance encounter with Robert M. Bass, one of the heirs to a vast oil fortune.

In the mid-1960s, after graduating from Harvard Law School, Mr. Bonderman seemed bent on a career in teaching, becoming an assistant law professor at Tulane in New Orleans.

His days in the classroom came to an abrupt end when the senior faculty refused to renew his one-year contract.

Mr. Bonderman - with his frank assessments and flower-child clothing, Indian prints and wide ties - never exactly fit in, recalled Jerry Mashaw, then a fellow faculty member and now a professor at Yale Law School.

While Mr. Bonderman was popular and successful, he "had this propensity to suggest to ... [other professors] that they didn't have the foggiest idea of what they were talking about," said Mr. Mashaw, who resigned along with three other professors to protest the faculty's decision.

"The senior faculty didn't like him, and they didn't like his politics," he added. "He was a liberal in a conservative society."

After a yearlong stint as a special assistant to the U.S. attorney general on civil rights matters, Mr. Bonderman became a partner at a prominent Washington law firm, Arnold & Porter.

There, he delved into corporate, securities and antitrust litigation but also spent hours on pro bono work, said Mel Garbow, who worked with Mr. Bonderman and is still a partner.

"He was an aggressive lawyer. Peculiarly, the counsel on the other side always liked David. That's very unusual," said Mr. Garbow, noting that the only other lawyer he knew with this effect was Herb Kelleher, co-founder of Southwest Airlines Co.

Mr. Garbow asked his younger colleague to be the trial counsel for Dallas-based Braniff Airways Inc. when it filed for bankruptcy in 1982. The case brought Mr. Bonderman to Fort Worth, where he met Mr. Bass.

Mr. Bass hired him to help fight the expansion of Interstate 30 through a historic section of Fort Worth. The pair hit it off, and the billionaire drafted him to help build and manage investments.

After a decade buying and selling stakes in companies such as American Savings Bank, Wometco Cable, National Reinsurance Corp. and Bell & Howell, Mr. Bonderman decided to strike out on his own.

In 1992, he teamed up with another Bass money manager, Mr. Coulter, to launch Texas Pacific and tap into capital from pension funds, college endowments and other institutional investors - something Mr. Bass wasn't willing to do at the time.

The duo's first buyout, turning around a bankrupt Continental Airlines Inc., became one of their most lucrative deals, putting them on the map.

This tight relationship with Continental also has spurred the only public criticism of Mr. Bonderman.

In a 1998 deal, Mr. Bonderman, through a limited partnership called Air Partners, agreed to sell controlling shares in Continental to Northwest Airlines Inc. for cash, stock and a board seat. Continental sought to undo the deal in late 2000, after opposition from the Justice Department, by buying the controlling shares from Northwest.

Under the transaction, Continental agreed to pay Mr. Bonderman, a director of the airline, $10 million since he had retained first rights to buy the stock back in his deal with Northwest.

In an article last September, New York Times financial columnist Floyd Norris complained the financier had participated in an "arrangement that smacked of greenmail."

Mr. Bonderman declined to comment on the article.

Today, Texas Pacific does deals on every continent except Africa, often through affiliated funds with names such as Newbridge Capital. Including such funds, the firm manages a little over $10 billion.

It has tended to focus on the transportation, technology, retail and food industries, usually purchasing controlling stakes in companies and then taking them public or selling them after five years or more. Texas Pacific moved a bit quicker with Petco Animal Supplies Inc., offering investors a piece of the company acquired in May 2000 and quadrupling its investment in the process.

Other successful turnarounds include health maintenance organization Oxford Health Plans and California winery Beringer Wine Estates Holding Inc. But in many instances, an uncanny sense of when to buy and sell has made the group a pile of money.

Texas Pacific sold off large stakes in both America West and Continental last summer, before the airlines' stock prices plummeted after terrorists brought down four planes on Sept. 11. The stocks have yet to regain levels before the attack.

"They are some of the smartest people in the investment world," said Richard Hayes, a senior investment officer for the California Public Employees' Retirement System. The nation's largest pension fund, it has invested $535 million with Texas Pacific.

Yet another moneymaker proved to be GlobeSpan Semiconductor Inc., now known as GlobeSpan Virata. The buyout firm took the maker of telecommunications chip sets public at $15 a share in mid-1999, selling off 4.7 million shares a year later at prices above $100 during the height of the telecom peak.

Shortly afterward, a slumping market sent GlobeSpan shares plummeting.

"There's only two prices that matter in our business, the price you get in and the price you get out," Mr. Coulter said.

Some duds

Not that Texas Pacific hasn't had a few duds. The group suffered an embarrassing blow after buying a marshmallow and caramel company from Kraft Foods Inc. in 1995 and adding five other candy makers producing everything from gummy bears to fruit snacks.

The new company, Favorite Brands International Inc., couldn't get out from under a heavy debt load, high promotional expenses, competition from low-cost Mexican manufacturers and integration difficulties. Nabisco Inc. ended up buying it out of bankruptcy in 1999.

Texas Pacific also saw $118 million go down the drain after the bankruptcy of Zilog Inc., a California manufacturer of chips used in television remote controls. After losing millions, Zilog canceled plans to go public and dismissed 1,000 workers.

And $150 million sunk into Convergent Communications Inc. disappeared after the Internet and networking services company in Englewood, Colo., declared bankruptcy last April.

The setbacks haven't sent Mr. Bonderman and his partners scurrying for cover.

Witness their confidence in Florida's Paradyne Networks Inc., a manufacturer of equipment used for high-speed Internet access.

When first-time chief executive Sean Belanger took the reins of the company a little more than a year ago, his No. 1 goal was simply ensuring it would survive.

"'Everybody's in trouble. Don't worry about it,'" Mr. Belanger said the firm told him. "They have been calm and not panicky. They have seen down cycles before and have been incredibly supportive."

That kind of attitude explains why Texas Pacific is diligently hunting for buying opportunities at a time when the market for initial public offerings has dried up, companies are less willing to make acquisitions and banks have tightened their purse strings.

"Relative to other firms, you will see more of us now because we have the skill set and the contrarian attitude to deal with this particular time in the markets," Mr. Coulter said. "We like a good puzzle."

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company

EXHIBIT 15

LIST OF AFFILIATES OF TPG APPLICANTS

ATER WYNNE LLP
222 SW COLUMBIA, SUITE 1800
PORTLAND, OR 97201-6618
(503) 226-1191

EXHIBIT 15

LIST OF AFFILIATES OF TPG APPLICANTS[1]

TPG PARTNERS III, L.P.

Burger King
Debenhams[2]
Differentis
DoveBid
Endurance
Findexa
Gate Gourmet
Gemplus
GMP Companies
Kraton
MEMC
Petco
Quintiles
Seagate
Smart Modular[2]
Spirit Amber

TPG PARTNERS IV, L.P.

Debenhams[2]
Kraton
Smart Modular[2]

(1) Includes all investments in which TPG Partners III, L.P. or TPG Partners IV, L.P. has an ownership interest of 5% or more.

(2) Pending transaction. Ownership is estimated.

Burger King: Burger King is the second largest global quick service restaurant hamburger chain, with more than 11,000 stores and over $11 billion in system-wide sales.

Debenhams: Debenhams is a British department store, with over 100 stores across the United Kingdom and Republic of Ireland.

Differentis: Differentis is a management consulting firm focusing on the business of information technology.

DoveBid: DoveBid is a global provider of capital asset auction and valuation services to large corporations and financial institutions.

Endurance Specialty Insurance: Endurance is a leading Bermuda-based insurer and reinsurer, specializing in commercial property and casualty insurance.

Findexa: Findexa is one of Norway's largest companies in the business of media and information, focusing on user and advertiser paid directories, database procurement, and electronic media products.

Gate Gourmet: Gate Gourmet is a global provider of airline food services. Its airline customers include Continental, Delta, United, American, Air France, and British Airways.

Gemplus: Gemplus is a leading provider of smart card enabled technology, products and services.

GMP Companies: GMP Companies and its subsidiaries acquire, develop, and commercialize innovative diagnostic and medical device technologies relating to the treatment and care of diabetes, glaucoma, and genetic diseases, among others.

Kraton: Kraton is a manufacturer of polymers that are used in a variety of products such as shoes, roofing materials, adhesives, and packing materials.

MEMC Electronic Materials: MEMC is a worldwide leader in the manufacture of silicon wafers for the semiconductor industry.

Petco Animal Supplies: Petco is a leading specialty retailer of premium pet food, supplies and services, with over 600 stores in 43 states.

Quintiles: Quintiles helps improve healthcare worldwide by providing a broad range of professional services, information and partnering solutions to the pharmaceutical, biotechnology and healthcare industries.

Seagate Technology: Seagate is a worldwide leader in the design, manufacturing, and marketing of rigid disc-drives, the primary medium for storing electronic information.

Smart Modular: Smart Modular is a leading designer and manufacturer of memory modules and memory cards and communications products.

Spirit Amber: Spirit Amber is the largest managed pub business in the United Kingdom with approximately 2,500 pubs.

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OF OREGON

UM 1121

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EXHIBIT 16

BIOGRAPHIES OF TPG APPLICANTS

ATER WYNNE LLP
222 SW COLUMBIA, SUITE 1800
PORTLAND, OR 97201-6618
(503) 226-1191

EXHIBIT 16

David Bonderman

David Bonderman is a founder of Texas Pacific Group and serves as a principal and general partner of the firm.

Prior to forming TPG in 1993, Mr. Bonderman was Chief Operating Officer of the Robert M. Bass Group, Inc. (now doing business as Keystone, Inc.) in Fort Worth, Texas. Prior to joining RMBG in 1983, Mr. Bonderman was a partner in the law firm of Arnold & Porter in Washington, D.C., where he specialized in corporate, securities, bankruptcy and antitrust litigation. From 1969 to 1970, Mr. Bonderman was a Fellow in Foreign and Comparative Law in conjunction with Harvard University and from 1968 to 1969, he was Special Assistant to the U.S. Attorney General in the Civil Rights Division. From 1967 to 1968, Mr. Bonderman was Assistant Professor at Tulane University School of Law in New Orleans.

Mr. Bonderman serves on the Boards of the following public companies: CoStar Group, Inc.; Ducati Motor Holding, S.p.A.; Gemplus International S.A.; ProQuest Company; Ryanair Holdings, plc; and Seagate Technology. He also serves on the Boards of The Wilderness Society, the Grand Canyon Trust, the World Wildlife Fund, and the American Himalayan Foundation.

Mr. Bonderman graduated Magna Cum Laude from Harvard Law School in 1966. He was a member of the Harvard Law Review and a Sheldon Fellow. He is a 1963 graduate of the University of Washington in Seattle.

Kelvin Davis

Kelvin Davis is a partner at Texas Pacific Group where he is responsible for investments across a variety of industries, including the energy and power sector.

Prior to joining TPG in 2000, Mr. Davis was President and Chief Operating Officer of Colony Capital, Inc., a private international real estate-related investment firm based in Los Angeles. Previously, Mr. Davis was a principal of RMB Realty, Inc., the real estate investment vehicle of Robert M. Bass. He has also worked at Goldman, Sachs & Co. in New York City and with Trammell Crow Company in Dallas and Los Angeles.

Mr. Davis is a director of Kraton Polymers, LLC and DS Waters, LP and is the past Chairman and a current director of Los Angeles Team Mentoring, Inc., a charitable mentoring organization. He is also on the Board of Overseers at the Huntington Library, Art Collections and Botanical Gardens.

Mr. Davis earned a B.A. degree (Economics) from Stanford University and an M.B.A. from Harvard University, where he was a Baker Scholar, a John L. Loeb Fellow, and a Wolfe Award recipient.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company

EXHIBIT 17

SUBSCRIPTION AGREEMENTS – OREGON ELECTRIC UTILITY COMPANY, LLC

ATER WYNNE LLP
222 SW COLUMBIA, SUITE 1800
PORTLAND, OR 97201-6618
(503) 226-1191

EXECUTION COPY

SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT (the "Agreement"), dated March 7, 2004, between the Bill & Melinda Gates Foundation ("Co-Investor") and Oregon Electric Utility Company, LLC, an Oregon limited liability company ("OEUC").

WHEREAS, OEUC and Enron Corp. ("Enron") entered into that certain Stock Purchase Agreement, dated as of November 18, 2003 (the "Stock Purchase Agreement");

WHEREAS, TPG Partners III, L.P. and TPG Partners IV, L.P. (collectively, "TPG") entered into a letter agreement with Enron, dated as of November 18, 2003, pursuant to which TPG committed (the "TPG Commitment") to acquire all of the equity securities of OEUC for consideration of at least $525 million in the aggregate;

WHEREAS, Co-Investor wishes to subscribe for equity securities of OEUC covered by the TPG Commitment in connection with OEUC's acquisition (the "Transaction") of all of the issued and outstanding shares of common stock, par value $3.75 per share, of Portland General Electric Company (the "Company").

NOW, THEREFORE, in consideration of the premises and mutual representations, warranties, covenants and agreements contained herein, the parties agree as follows:

SECTION 1. Definitions. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings set forth in the Stock Purchase Agreement.

SECTION 2. Subscription.

2.1. Subscription.

(a) Subject to the terms and conditions hereof, and in reliance upon the representations and warranties of the respective parties contained in this Agreement, Co-Investor irrevocably subscribes for and agrees to purchase, and OEUC agrees that Co-Investor shall purchase, $50 million of Class B Non-Voting Membership Interests of OEUC, described in and having the terms set forth in Exhibit A (the "Equity Securities"). Co-Investor's agreement to purchase Equity Securities contained herein is referred to as the "Co-Investor Commitment".

(b) OEUC will enter into separate subscription or equity commitment agreements (the "Other Subscription Agreements") with other investors, including TPG (collectively, the "Other Investors," and together with Co-Investor, the "Investors"), pursuant to which the Other Investors will commit to acquire equity securities or interests of OEUC as set forth in Exhibit A (together with the Co-Investor Commitment, the "Commitments"). This Subscription Agreement and the Other Subscription Agreements are separate agreements, and the sale of Equity Securities to the undersigned pursuant to the terms hereof and of equity securities or interests of OEUC to the Other Investors are to be separate sales. The obligations of the Investors pursuant to their Commitments shall be several and not joint obligations.

(c) Equity securities or interests of OEUC (collectively, the "Interests") shall be issued to the Investors as set forth in Exhibit A. The Interests shall convey economic and governance rights in OEUC as reflected in Exhibit A. The Other Subscription Agreements shall not provide that any Other Investor would acquire its Interests at a price per percentage of economic interest in OEUC conveyed (or portion thereof) that is less than the price to the Co-Investor pursuant to this Agreement. Schedule 1 to the Limited Liability Company Agreement of OEUC (the "LLC Agreement") to be effective as of the Closing (as defined below) shall set forth the number and type of Interests for which each Investor has committed to subscribe, together with such Investor's Commitment in accordance with Exhibit A, this Agreement and the Other Subscription Agreements.

2.2. Equity Account Adjustment. In the event that the cash from equity contributions that OEUC requires at the Closing (as defined below) (i) is less than $525 million, the Co-Investor Commitment, and the Commitments of all other Investors (other than the Managing Member (as defined in Exhibit A)) shall be reduced on a *pro rata* basis and (ii) is greater than $525 million, each Investor shall have the right, in its sole discretion, but not the obligation, to increase its commitment on a proportionate basis; provided that, in any event, the Commitment of TPG shall represent at least 79.9% of the economic interest in OEUC.

2.3. Closing.

(a) Subject to the satisfaction or waiver of the conditions specified in Section 4, the closing (the "Closing," and the date of such Closing, the "Closing Date") of the purchase of the Equity Securities hereunder will take place at the offices of Cleary, Gottlieb, Steen & Hamilton, One Liberty Plaza, New York, New York, simultaneously with the closing (the "Transaction Closing") of the Transaction pursuant to the Stock Purchase Agreement.

(b) Promptly after the Closing, OEUC will deliver to Co-Investor or its representative certificates evidencing title to the Equity Securities and a certified copy of the LLC Agreement and any documents and instruments necessary to reflect Co-Investor's admission in OEUC, including any documents and instruments to be delivered pursuant to this Agreement.

SECTION 3. Representations, Warranties and Covenants.

3.1. Co-Investor Representations, Warranties and Covenants. Co-Investor hereby acknowledges, represents and warrants to, and agrees with, OEUC and each other Investor as follows:

(a) Co-Investor is empowered, authorized and qualified to subscribe for capital in the Equity Securities hereunder and to become a holder of Equity Securities of OEUC, and the person signing this Agreement on behalf of Co-Investor has been duly authorized by Co-Investor to do so.

(b) Co-Investor is acquiring the Equity Securities for Co-Investor's own account as principal for investment and not with a view to the distribution or sale thereof.

(c) Co-Investor has such knowledge and experience in financial and business matters that Co-Investor is and will be capable of evaluating the merits and risks of the investment in OEUC. Co-Investor has been given the opportunity to ask questions of, and receive answers from, OEUC, concerning the terms and conditions of, and other matters pertaining to, this investment, the Company and the Transaction, and has had access to such financial and other information concerning OEUC, the Company and the Transaction as it has considered necessary to make a decision to invest in OEUC and has availed itself of this opportunity to the full extent desired.

(d) Co-Investor has no need for liquidity in this investment, has the ability to bear the economic risk of this investment, and at the present time and in the foreseeable future can afford a complete loss of this investment.

(e) Co-Investor is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act of 1933 (the "1933 Act").

(f) Beneficial ownership by Co-Investor of its Equity Securities does not constitute beneficial ownership by more than one person for purposes of Section 3(c)(1) of the Investment Company Act of 1940 (the "1940 Act"). If Co-Investor, by virtue of the Equity Securities subscribed for hereby, would own more than 10% of the aggregate outstanding Interests in OEUC, as of the date of the subscription, Co-Investor is not an "investment company" under the 1940 Act and would not, but for the exception set forth in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act, be an "investment company" under the 1940 Act.

(g) Co-Investor was not formed or recapitalized for the specific purpose of acquiring the Equity Securities.

(h) This Agreement has been duly authorized, executed and delivered by Co-Investor and, upon due authorization, execution and delivery by OEUC, will constitute the valid and legally binding agreement of Co-Investor enforceable in accordance with its terms against Co-Investor, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws of general application relating to or affecting the enforcement of creditors' rights and remedies, as from time to time in effect, and (ii) application of equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(i) Co-Investor acknowledges that neither TPG, OEUC nor any of their respective affiliates has rendered or will render any investment advice or securities valuation advice to Co-Investor, and that Co-Investor is neither subscribing for nor acquiring any interest in OEUC in reliance upon, or with the expectation of, any such advice.

(j) No representations or warranties have been made to Co-Investor with respect to this investment or OEUC other than the representations of OEUC set forth herein, and Co-Investor has not relied upon any representation or warranty not provided herein in making this subscription.

(k) None of the funds that Co-Investor is using or will use to fund its subscription are assets of an employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), subject to Title I of ERISA, or a plan described in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), or an entity whose underlying assets include plan assets for purposes of ERISA by reason of a plan's investment in the entity.

(l) If Co-Investor is not a "United States person", as defined below, Co-Investor has heretofore notified OEUC in writing of its status as such a person. For this purpose, "United States person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, an estate the income of which is subject to United States federal income taxation regardless of its source, or any trust if (i) a U.S. court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

(m) The execution, delivery and performance of this Agreement by Co-Investor does not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement, or any license, permit, franchise or certificate, to which Co-Investor is a party or by which it is bound or to which any of its properties are subject, or require any authorization or approval under or pursuant to any of the foregoing, violate the organizational documents of Co-Investor, or violate in any material respect any statute, regulation, law, order, writ, injunction or decree to which Co-Investor is subject.

(n) The information with respect to Co-Investor in Schedule 1 hereto is true and accurate.

(o) If any representations or warranties of Co-Investor contained herein shall be or become untrue in any material respect prior to the Closing Date, Co-Investor shall promptly give written notice of such fact to OEUC and shall specify which representations and warranties are not true or have not been complied with and the reasons therefor. Co-Investor acknowledges that OEUC has relied and will rely upon the representations and warranties of Co-Investor set forth in this Agreement and that all such representations and warranties shall survive the Closing Date.

3.2. Co-Investor Acknowledgements. Co-Investor acknowledges that:

(a) No federal or state agency has passed upon the Equity Securities or made any finding or determination as to the fairness of this investment. None of the LLC Agreement, this Agreement nor any other document relating to the Equity Securities has been filed with the Securities and Exchange Commission or with any securities administrator under state securities laws.

(b) There are substantial risks incident to the purchase of the Equity Securities and Co-Investor may lose the entire amount invested in the Equity Securities.

(c) There will be substantial restrictions on the transferability of the Equity Securities under the LLC Agreement and under applicable law; there is no established market for the Equity Securities and no public market for the Equity Securities is likely to develop; the Equity Securities will not be, and investors in OEUC have no rights to require that the Equity Securities be, registered under the 1933 Act or the securities laws of the various states and therefore cannot be resold, pledged, assigned or otherwise disposed of unless subsequently registered or unless an exemption from such registration is available; Co-Investor may have to hold the Equity Securities herein subscribed for and bear the economic risk of this investment indefinitely and it may not be possible for Co-Investor to liquidate its investment in OEUC.

(d) OEUC will not be registered as an investment company under the 1940 Act and OEUC will not be registered as an investment advisor under the Investment Advisors Act of 1940, as amended.

(e) With respect to the tax and other legal consequences of an investment in OEUC, Co-Investor is relying solely upon the advice of its own tax and legal advisors.

3.3. OEUC Representations. OEUC represents to Co-Investor as follows:

(a) OEUC is a duly incorporated and validly existing limited liability company under the laws of the State of Oregon, with full power and authority to conduct its business as contemplated in the LLC Agreement.

(b) In the event that the Closing occurs, all action required to be taken by OEUC as a condition to the issuance and sale of the Equity Securities being purchased by Co-Investor will have been taken and such Equity Securities will represent duly and validly issued fully paid and non-assessable equity interests in OEUC.

(c) This Agreement has been duly authorized, executed and delivered by OEUC and, upon due authorization, execution and delivery by Co-Investor, will constitute the valid and legally binding agreement of OEUC enforceable in accordance with its terms against OEUC, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws of general application relating to or affecting the enforcement of creditors' rights and remedies, as from time to time in effect, and (ii) application of equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) The Stock Purchase Agreement has been duly authorized, executed and delivered by OEUC and constitutes the valid and legally binding agreement of OEUC enforceable in accordance with its terms against OEUC, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws of general application relating to or affecting the enforcement of creditors' rights and remedies, as from time to time in effect, and (ii) application of equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) The execution, delivery and performance of this Agreement by OEUC does not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement, or any license, permit, franchise or certificate, to which OEUC is a party or by which it is bound or to which any of its properties are subject, or require any authorization or approval under or pursuant to any of the foregoing, violate the organizational documents of OEUC, or violate in any material respect any statute, regulation, law, order, writ, injunction or decree to which OEUC is subject.

(f) If any representations or warranties of OEUC contained herein shall be or become untrue in any material respect prior to the Closing Date, OEUC shall promptly give written notice of such fact to Co-Investor and shall specify which representations and warranties are not true or have not been complied with and the reasons therefor. OEUC acknowledges that Co-Investor has relied and will rely upon the representations and warranties of OEUC set forth in this Agreement and that all such representations and warranties shall survive the Closing Date.

3.4. Acknowledgements; Covenants.

(a) The parties hereto acknowledge that OEUC and the Co-Investor previously executed the confidentiality agreement, dated February 23, 2004, pursuant to which Co-Investor acknowledged that it is a representative of OEUC for purposes of Section 6.6 of the Stock Purchase Agreement, and Co-Investor agreed to comply with the terms of Section 6.6 of the Stock Purchase Agreement so as not to cause a breach by OEUC thereof.

(b) Co-Investor agrees to promptly provide any information reasonably requested by OEUC in connection with this subscription in order to (i) verify the truth and accuracy of the representations of Co-Investor contained herein or (ii) to obtain any necessary or desirable (in the discretion of OEUC) approvals or permits from any governmental entity in connection with the Transaction.

(c) Co-Investor acknowledges that it shall not be entitled to receive any portion of any transaction, success or other fee, expense reimbursement or other payment to which TPG, OEUC or any of their respective affiliates may be entitled in connection with the Transaction; provided, however, that this Section 3.4(c) shall not limit or be interpreted to limit Co-Investor's rights as a Purchaser Indemnified Party, to the extent applicable, under the Stock Purchase Agreement.

(d) Prior to the Closing, OEUC shall (i) keep Co-Investor reasonably apprised of all material matters relating to the status of satisfaction of the conditions precedent under the Stock Purchase Agreement and (ii) provide Co-Investor with material information given to OEUC by Seller or the Company pursuant to the Stock Purchase Agreement, including, without limitation:

(i) copies of any provisions of Seller's Chapter 11 Plan, Disclosure Statement and/or any amendments related thereto that relate to the transactions contemplated by the Stock Purchase Agreement, the Shares or any Transfer Group Company;

(ii) copies of notices of Pre-Closing Settlements and Reserves pursuant to Sections 6.13(a) and 6.13(c) of the Stock Purchase Agreement, and the information related thereto provided pursuant to Sections 6.13(b) and 6.13(d) of the Stock Purchase Agreement;

(iii) copies of financial information and Board of Director materials provided pursuant to Section 6.17(a);

(iv) copies of the Estimated Closing Statement provided pursuant to Schedule 2.1 to the Stock Purchase Agreement; and

(v) copies of filings made with any Governmental Authority.

(e) Prior to the Closing, OEUC shall use reasonable best efforts to consult in good faith with the Co-Investor prior to effecting any proposed material amendment, modification or waiver of any provision of the Stock Purchase Agreement; provided that, without limiting Section 4.1(c) hereof, OEUC's election to effect any such amendment, modification or waiver notwithstanding the Co-Investor's objection shall not constitute a breach of this Agreement.

SECTION 4. Conditions Precedent.

4.1. Conditions to Closing. Co-Investor's obligations hereunder are subject to the fulfillment (or waiver by Co-Investor), prior to or at the time of the Closing, of the following conditions:

(a) Articles. The LLC Agreement described under Section 5 shall have been authorized by OEUC and executed by TPG.

(b) Performance. OEUC shall have duly performed and complied in all material respects with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

(c) Stock Purchase Agreement. All conditions precedent to the consummation of the Transaction pursuant to the Stock Purchase Agreement shall have been satisfied, without material amendment, modification or waiver thereof, other than those conditions that are not required to be satisfied until closing, subject to the satisfaction of such conditions at the Closing without material amendment, modification or waiver.

(d) TPG Contribution. At the Closing, TPG shall purchase, and fund its capital contribution with respect to, Interests representing at least 79.9% of the economic interest in OEUC.

SECTION 5. Limited Liability Company Agreement.

5.1. Limited Liability Company Agreement. Co-Investor shall enter into the LLC Agreement prior to the Closing Date, which LLC Agreement shall contain the terms and conditions as set forth herein and in Exhibit A and other customary terms reasonably satisfactory

to Co-Investor; provided that Co-Investor hereby acknowledges and agrees that none of the LLC Agreement, this Agreement or its Equity Securities shall entitle it to any right to elect managers of OEUC, or to otherwise affect, manage or control the business or affairs of OEUC.

5.2. Tag Along Rights. The LLC Agreement shall provide that in the event that TPG agrees to sell a portion of its economic interest in OEUC to a third-party purchaser (other than an Affiliate of TPG) and the Interests to be sold in such sale, when aggregated with all prior sales by TPG, represent more than twenty-five percent (25%) of the economic interest in OEUC that TPG held at the Closing, TPG shall provide all other Investors with written notice not less than 10 days prior to such proposed sale, which notice shall include a reasonably detailed description of the material terms and conditions of the proposed transaction (including (i) the Interests proposed to be sold by TPG, (ii) the percentage of TPG's aggregate economic interest in OEUC proposed to be sold in such sale, (iii) the proposed purchase price and (iv) the proposed timing of the transaction). Each other Investor may, at its option, elect to have the third-party purchaser (other than an Affiliate of TPG) purchase a number of its Interests up to the limit described below at the same price per percentage of economic interest of OEUC conveyed (or portion thereof) as that offered to TPG for its Interests in OEUC and otherwise on materially the same terms and conditions (the "Tag Along Rights"); provided that such Investors shall not have Tag Along Rights with respect to a greater number of Interests than (a) the number of Interests held by the Co-Investor, multiplied by (b) the percentage of TPG's economic interest in OEUC being sold in such sale. To the extent that the third-party purchaser elects not to purchase all of the Interests offered by the Investors following the exercise of Tag Along Rights, the number of Interests purchased by such third-party purchaser shall be allocated among the Investors *pro rata* based on the respective economic interests such holders have elected to sell.

5.3. Drag-Along Rights. The LLC Agreement shall provide that in the event that TPG receives and accepts an offer from a third-party purchaser (other than an Affiliate of TPG) to purchase (whether by stock purchase, merger or otherwise) Interests held by TPG representing at least two-thirds (2/3) of its economic interest in OEUC, after providing the Investors with the opportunity to exercise its Tag Along Rights as set forth in Section 5.2 above, TPG may require each Investor (and its permitted transferees) to transfer a number of Interests equal to (a) the number of Interests held by the Investor, multiplied by (b) the percentage of TPG's economic interest in OEUC being sold (the "Drag Along Rights") to such third-party purchaser at the same price per percentage of economic interest of OEUC conveyed (or portion thereof) as that offered to TPG for its Interests in OEUC and otherwise on materially the same terms and conditions. TPG shall provide Investors with written notice of its intent to exercise its Drag Along Rights not less than 10 days prior to such proposed purchase, which notice shall include a reasonably detailed description of the material terms and conditions of the proposed transaction (including (i) the Interests proposed to be sold by TPG, (ii) the percentage of TPG's aggregate economic interest in OEUC proposed to be sold, (iii) the proposed purchase price and (iv) the proposed timing of the transaction).

SECTION 6. Indemnification.

6.1. Indemnity. Co-Investor agrees, to the fullest extent permitted by law, to indemnify and hold harmless OEUC, each Other Investor, each of their respective officers,

directors, agents, consultants, stockholders, partners, members and other affiliates (collectively, "Representatives"), against any and all losses, liabilities, claims, damages, and expenses whatsoever (including attorneys' fees and disbursements, judgments, fines and amounts paid in settlement) (collectively, "Losses") arising out of or based upon any breach or failure by Co-Investor to comply with any representation, warranty, covenant, or agreement made by it herein or in any other document furnished by it to any of the foregoing pursuant to this Agreement, and OEUC agrees, to the fullest extent permitted by law, to indemnify and hold harmless Co-Investor and its Representatives against any and all Losses arising out of or based upon any breach or failure by OEUC to comply with any representation, warranty, covenant, or agreement made by it herein or in any other document furnished by it to any of the foregoing pursuant to this Agreement.

SECTION 7. Miscellaneous.

7.1. Acceptance. OEUC shall promptly, and in any event, within five Business Days (5) days of receipt of a copy of this Agreement that has been executed by Co-Investor, notify Co-Investor if this subscription is accepted, and shall execute a copy of this Agreement and return a copy to the undersigned. In the event that OEUC does not accept this subscription, OEUC shall promptly return to Co-Investor the copies of this Agreement and any other documents submitted herewith, and this Agreement shall have no further force or effect thereafter.

7.2. Modification. Neither this Agreement nor any provisions hereof shall be waived, modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, modification, change, discharge, or termination is sought.

7.3. Notices. All notices, consents, requests, demands, offers, reports, and other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered properly given and received when personally delivered to the party entitled thereto, or when sent by facsimile or by overnight courier, or seven (7) business days after being sent by certified United States mail, return receipt requested, in a sealed envelope, with postage prepaid, addressed, if to OEUC, c/o SW&W Legal Services, Inc., 211 SW Fifth Avenue, Suites 1600-1800, Portland, Oregon 97204, Attn: William J. Ohle, and, if to Co-Investor, to the address set forth in Schedule 1 hereto; provided that any notice sent by facsimile shall be promptly followed by a copy of such notice sent by mail or overnight courier in the manner described herein. OEUC or Co-Investor may change its address by giving notice to the other in the manner described herein.

7.4. Counterparts. This Agreement may be executed in multiple counterpart copies, each of which shall be considered an original and all of which shall constitute one and the same instrument binding on all the parties, notwithstanding that all parties are not signatories to the same counterpart.

7.5. Successors. Except as otherwise provided herein, this Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, successors, trustees and legal representatives. If

Co-Investor is more than one person, the obligation of Co-Investor shall be joint and several and the agreements, representations, warranties, and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and such person's heirs, executors, administrators, successors, trustees and legal representatives.

7.6. Assignability. This Agreement is not transferable or assignable by Co-Investor. Any purported assignment of this Agreement shall be null and void.

7.7. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes any prior agreement or understanding among them with respect to such subject matter.

7.8. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed in such state.

7.9. Jurisdiction; Venue.

(a) Any action or proceeding relating in any way to this Agreement may be brought and enforced in the courts of the State of New York located in the Borough of Manhattan in the City of New York or (to the extent subject matter jurisdiction exists therefor) of the United States for the Southern District of New York, and the parties irrevocably submit to the jurisdiction of both such courts in respect of any such action or proceeding.

(b) The parties irrevocably waive, to the fullest extent permitted by law, any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in the courts of the State of New York located in the Borough of Manhattan in the City of New York or of the United States for the Southern District of New York and any claim that any such action or proceeding brought in any such court has been brought in any inconvenient forum.

7.10. Termination. The Commitment hereunder shall terminate contemporaneously with the termination or expiration of the Stock Purchase Agreement. In the event that the Stock Purchase Agreement is terminated prior to the Closing Date in accordance with Section 3.2 thereof, Co-Investor acknowledges that it is not entitled to any portion of the Break-Up Fee payable to OEUC pursuant to Section 3.4 of the Stock Purchase Agreement, any portion of the Deposit Funds returned to OEUC pursuant to Section 3.5(b) or (c) of the Stock Purchase Agreement or any amounts received by OEUC pursuant to Section 3.6 of the Stock Purchase Agreement.

7.11. Expenses. Following consummation of the transactions contemplated hereby, OEUC shall reimburse Co-Investor for reasonable and documented expenses incurred by it in connection with this Agreement and the transactions contemplated hereby, subject to a cap of $40,000; provided that the holders of the Class B Interests as set forth in Schedule 1 are also reimbursed for their expenses incurred in connection with the Transaction. In the event that

OEUC invites Co-Investor to participate in a meeting of the Board of Directors of OEUC, OEUC shall reimburse Co-Investor's expenses in connection with its attendance at such meeting.

7.12. Survival. The representations, warranties and acknowledgments in Sections 3.1, 3.2 and 3.4(a) and the provisions of Sections 6 and 7 shall, in the event this subscription is accepted, survive such acceptance and the formation and dissolution of OEUC.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the 8th day of March, 2004.

BILL & MELINDA GATES FOUNDATION

By:_____
Name:
Title:

The foregoing subscription is hereby accepted by OEUC as of March __, 2004.

OREGON ELECTRIC UTILITY COMPANY, LLC

By:_____
Name:
Title:

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the __th day of March, 2004.

BILL & MELINDA GATES FOUNDATION

By: _____
Name: Michael Larson
Title: Authorized Agent of
William H. Gates III, Trustee

The foregoing subscription is hereby accepted by OEUC as of March __, 2004.

OREGON ELECTRIC UTILITY COMPANY, LLC

By: _____
Name:
Title:

Schedule 1

Subscriber Information

I. Amount of Commitment: $50,000,000

II. Subscriber's Name, Mailing Address and Tax Identification Number:

Bill & Melinda Gates Foundation
Name
2365 Carillon Point
Street
Kirkland, Washington 98033
City State Zip Code
(425) 889-7900
Telephone Number
(425) 803-0758
Facsimile Number

Tax I.D. or Social Security Number

III. Subscriber's Address for Notices if Different from Address Above:

Street

City State Zip Code

Telephone Number

Facsimile Number

EXECUTION COPY

SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT (the "Agreement"), dated March 7, 2004, between OCM Principal Opportunities Fund III, L.P. ("Co-Investor") and Oregon Electric Utility Company, LLC, an Oregon limited liability company ("OEUC").

WHEREAS, OEUC and Enron Corp. ("Enron") entered into that certain Stock Purchase Agreement, dated as of November 18, 2003 (the "Stock Purchase Agreement");

WHEREAS, TPG Partners III, L.P. and TPG Partners IV, L.P. (collectively, "TPG") entered into a letter agreement with Enron, dated as of November 18, 2003, pursuant to which TPG committed (the "TPG Commitment") to acquire all of the equity securities of OEUC for consideration of at least $525 million in the aggregate;

WHEREAS, Co-Investor wishes to subscribe for equity securities of OEUC covered by the TPG Commitment in connection with OEUC's acquisition (the "Transaction") of all of the issued and outstanding shares of common stock, par value $3.75 per share, of Portland General Electric Company (the "Company").

NOW, THEREFORE, in consideration of the premises and mutual representations, warranties, covenants and agreements contained herein, the parties agree as follows:

SECTION 1. Definitions. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings set forth in the Stock Purchase Agreement.

SECTION 2. Subscription.

2.1. Subscription.

(a) Subject to the terms and conditions hereof, and in reliance upon the representations and warranties of the respective parties contained in this Agreement, Co-Investor irrevocably subscribes for and agrees to purchase, and OEUC agrees that Co-Investor shall purchase, $50 million of Class B Non-Voting Membership Interests of OEUC, described in and having the terms set forth in Exhibit A (the "Equity Securities"). Co-Investor's agreement to purchase Equity Securities contained herein is referred to as the "Co-Investor Commitment".

(b) OEUC will enter into separate subscription or equity commitment agreements (the "Other Subscription Agreements") with other investors, including TPG (collectively, the "Other Investors," and together with Co-Investor, the "Investors"), pursuant to which the Other Investors will commit to acquire equity securities or interests of OEUC as set forth in Exhibit A (together with the Co-Investor Commitment, the "Commitments"). This Subscription Agreement and the Other Subscription Agreements are separate agreements, and the sale of Equity Securities to the undersigned pursuant to the terms hereof and of equity securities or interests of OEUC to the Other Investors are to be separate sales. The obligations of the Investors pursuant to their Commitments shall be several and not joint obligations.

(c) Equity securities or interests of OEUC (collectively, the "Interests") shall be issued to the Investors as set forth in Exhibit A. The Interests shall convey economic and governance rights in OEUC as reflected in Exhibit A. The Other Subscription Agreements shall not provide that any Other Investor would acquire its Interests at a price per percentage of economic interest in OEUC conveyed (or portion thereof) that is less than the price to the Co-Investor pursuant to this Agreement. Schedule 1 to the Limited Liability Company Agreement of OEUC (the "LLC Agreement") to be effective as of the Closing (as defined below) shall set forth the number and type of Interests for which each Investor has committed to subscribe, together with such Investor's Commitment in accordance with Exhibit A, this Agreement and the Other Subscription Agreements.

2.2. Equity Account Adjustment. In the event that the cash from equity contributions that OEUC requires at the Closing (as defined below) (i) is less than $525 million, the Co-Investor Commitment, and the Commitments of all other Investors (other than the Managing Member (as defined in Exhibit A)) shall be reduced on a *pro rata* basis and (ii) is greater than $525 million, each Investor shall have the right, in its sole discretion, but not the obligation, to increase its commitment on a proportionate basis; provided that, in any event, the Commitment of TPG shall represent at least 79.9% of the economic interest in OEUC.

2.3. Closing.

(a) Subject to the satisfaction or waiver of the conditions specified in Section 4, the closing (the "Closing," and the date of such Closing, the "Closing Date") of the purchase of the Equity Securities hereunder will take place at the offices of Cleary, Gottlieb, Steen & Hamilton, One Liberty Plaza, New York, New York, simultaneously with the closing (the "Transaction Closing") of the Transaction pursuant to the Stock Purchase Agreement.

(b) Promptly after the Closing, OEUC will deliver to Co-Investor or its representative certificates evidencing title to the Equity Securities and a certified copy of the LLC Agreement and any documents and instruments necessary to reflect Co-Investor's admission in OEUC, including any documents and instruments to be delivered pursuant to this Agreement.

SECTION 3. Representations, Warranties and Covenants.

3.1. Co-Investor Representations, Warranties and Covenants. Co-Investor hereby acknowledges, represents and warrants to, and agrees with, OEUC and each other Investor as follows:

(a) Co-Investor is empowered, authorized and qualified to subscribe for capital in the Equity Securities hereunder and to become a holder of Equity Securities of OEUC, and the person signing this Agreement on behalf of Co-Investor has been duly authorized by Co-Investor to do so.

(b) Co-Investor is acquiring the Equity Securities for Co-Investor's own account as principal for investment and not with a view to the distribution or sale thereof.

(c) Co-Investor has such knowledge and experience in financial and business matters that Co-Investor is and will be capable of evaluating the merits and risks of the investment in OEUC. Co-Investor has been given the opportunity to ask questions of, and receive answers from, OEUC, concerning the terms and conditions of, and other matters pertaining to, this investment, the Company and the Transaction, and has had access to such financial and other information concerning OEUC, the Company and the Transaction as it has considered necessary to make a decision to invest in OEUC and has availed itself of this opportunity to the full extent desired.

(d) Co-Investor has no need for liquidity in this investment, has the ability to bear the economic risk of this investment, and at the present time and in the foreseeable future can afford a complete loss of this investment.

(e) Co-Investor is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act of 1933 (the "1933 Act").

(f) Beneficial ownership by Co-Investor of its Equity Securities does not constitute beneficial ownership by more than one person for purposes of Section 3(c)(1) of the Investment Company Act of 1940 (the "1940 Act"). If Co-Investor, by virtue of the Equity Securities subscribed for hereby, would own more than 10% of the aggregate outstanding Interests in OEUC, as of the date of the subscription, Co-Investor is not an "investment company" under the 1940 Act and would not, but for the exception set forth in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act, be an "investment company" under the 1940 Act.

(g) Co-Investor was not formed or recapitalized for the specific purpose of acquiring the Equity Securities.

(h) This Agreement has been duly authorized, executed and delivered by Co-Investor and, upon due authorization, execution and delivery by OEUC, will constitute the valid and legally binding agreement of Co-Investor enforceable in accordance with its terms against Co-Investor, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws of general application relating to or affecting the enforcement of creditors' rights and remedies, as from time to time in effect, and (ii) application of equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(i) Co-Investor acknowledges that neither TPG, OEUC nor any of their respective affiliates has rendered or will render any investment advice or securities valuation advice to Co-Investor, and that Co-Investor is neither subscribing for nor acquiring any interest in OEUC in reliance upon, or with the expectation of, any such advice.

(j) No representations or warranties have been made to Co-Investor with respect to this investment or OEUC other than the representations of OEUC set forth herein, and Co-Investor has not relied upon any representation or warranty not provided herein in making this subscription.

(k) None of the funds that Co-Investor is using or will use to fund its subscription are assets of an employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), subject to Title I of ERISA, or a plan described in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), or an entity whose underlying assets include plan assets for purposes of ERISA by reason of a plan's investment in the entity.

(l) If Co-Investor is not a "United States person", as defined below, Co-Investor has heretofore notified OEUC in writing of its status as such a person. For this purpose, "United States person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, an estate the income of which is subject to United States federal income taxation regardless of its source, or any trust if (i) a U.S. court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

(m) The execution, delivery and performance of this Agreement by Co-Investor does not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement, or any license, permit, franchise or certificate, to which Co-Investor is a party or by which it is bound or to which any of its properties are subject, or require any authorization or approval under or pursuant to any of the foregoing, violate the organizational documents of Co-Investor, or violate in any material respect any statute, regulation, law, order, writ, injunction or decree to which Co-Investor is subject.

(n) The information with respect to Co-Investor in Schedule 1 hereto is true and accurate.

(o) If any representations or warranties of Co-Investor contained herein shall be or become untrue in any material respect prior to the Closing Date, Co-Investor shall promptly give written notice of such fact to OEUC and shall specify which representations and warranties are not true or have not been complied with and the reasons therefor. Co-Investor acknowledges that OEUC has relied and will rely upon the representations and warranties of Co-Investor set forth in this Agreement and that all such representations and warranties shall survive the Closing Date.

3.2. Co-Investor Acknowledgements. Co-Investor acknowledges that:

(a) No federal or state agency has passed upon the Equity Securities or made any finding or determination as to the fairness of this investment. None of the LLC Agreement, this Agreement nor any other document relating to the Equity Securities has been filed with the Securities and Exchange Commission or with any securities administrator under state securities laws.

(b) There are substantial risks incident to the purchase of the Equity Securities and Co-Investor may lose the entire amount invested in the Equity Securities.

(c) There will be substantial restrictions on the transferability of the Equity Securities under the LLC Agreement and under applicable law; there is no established market for the Equity Securities and no public market for the Equity Securities is likely to develop; the Equity Securities will not be, and investors in OEUC have no rights to require that the Equity Securities be, registered under the 1933 Act or the securities laws of the various states and therefore cannot be resold, pledged, assigned or otherwise disposed of unless subsequently registered or unless an exemption from such registration is available; Co-Investor may have to hold the Equity Securities herein subscribed for and bear the economic risk of this investment indefinitely and it may not be possible for Co-Investor to liquidate its investment in OEUC.

(d) OEUC will not be registered as an investment company under the 1940 Act and OEUC will not be registered as an investment advisor under the Investment Advisors Act of 1940, as amended.

(e) With respect to the tax and other legal consequences of an investment in OEUC, Co-Investor is relying solely upon the advice of its own tax and legal advisors.

3.3. OEUC Representations. OEUC represents to Co-Investor as follows:

(a) OEUC is a duly incorporated and validly existing limited liability company under the laws of the State of Oregon, with full power and authority to conduct its business as contemplated in the LLC Agreement.

(b) In the event that the Closing occurs, all action required to be taken by OEUC as a condition to the issuance and sale of the Equity Securities being purchased by Co-Investor will have been taken and such Equity Securities will represent duly and validly issued fully paid and non-assessable equity interests in OEUC.

(c) This Agreement has been duly authorized, executed and delivered by OEUC and, upon due authorization, execution and delivery by Co-Investor, will constitute the valid and legally binding agreement of OEUC enforceable in accordance with its terms against OEUC, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws of general application relating to or affecting the enforcement of creditors' rights and remedies, as from time to time in effect, and (ii) application of equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) The Stock Purchase Agreement has been duly authorized, executed and delivered by OEUC and constitutes the valid and legally binding agreement of OEUC enforceable in accordance with its terms against OEUC, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws of general application relating to or affecting the enforcement of creditors' rights and remedies, as from time to time in effect, and (ii) application of equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) The execution, delivery and performance of this Agreement by OEUC does not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement, or any license, permit, franchise or certificate, to which OEUC is a party or by which it is bound or to which any of its properties are subject, or require any authorization or approval under or pursuant to any of the foregoing, violate the organizational documents of OEUC, or violate in any material respect any statute, regulation, law, order, writ, injunction or decree to which OEUC is subject.

(f) If any representations or warranties of OEUC contained herein shall be or become untrue in any material respect prior to the Closing Date, OEUC shall promptly give written notice of such fact to Co-Investor and shall specify which representations and warranties are not true or have not been complied with and the reasons therefor. OEUC acknowledges that Co-Investor has relied and will rely upon the representations and warranties of OEUC set forth in this Agreement and that all such representations and warranties shall survive the Closing Date.

3.4. Acknowledgements; Covenants.

(a) The parties hereto acknowledge that OEUC and the Co-Investor previously executed the confidentiality agreement, dated February 26, 2004, pursuant to which Co-Investor acknowledged that it is a representative of OEUC for purposes of Section 6.6 of the Stock Purchase Agreement, and Co-Investor agreed to comply with the terms of Section 6.6 of the Stock Purchase Agreement so as not to cause a breach by OEUC thereof.

(b) Co-Investor agrees to promptly provide any information reasonably requested by OEUC in connection with this subscription in order to (i) verify the truth and accuracy of the representations of Co-Investor contained herein or (ii) to obtain any necessary or desirable (in the discretion of OEUC) approvals or permits from any governmental entity in connection with the Transaction.

(c) Co-Investor acknowledges that it shall not be entitled to receive any portion of any transaction, success or other fee, expense reimbursement or other payment to which TPG, OEUC or any of their respective affiliates may be entitled in connection with the Transaction; provided, however, that this Section 3.4(c) shall not limit or be interpreted to limit Co-Investor's rights as a Purchaser Indemnified Party, to the extent applicable, under the Stock Purchase Agreement.

(d) Prior to the Closing, OEUC shall (i) keep Co-Investor reasonably apprised of all material matters relating to the status of satisfaction of the conditions precedent under the Stock Purchase Agreement and (ii) provide Co-Investor with material information given to OEUC by Seller or the Company pursuant to the Stock Purchase Agreement, including, without limitation:

(i) copies of any provisions of Seller's Chapter 11 Plan, Disclosure Statement and/or any amendments related thereto that relate to the transactions contemplated by the Stock Purchase Agreement, the Shares or any Transfer Group Company;

(ii) copies of notices of Pre-Closing Settlements and Reserves pursuant to Sections 6.13(a) and 6.13(c) of the Stock Purchase Agreement, and the information related thereto provided pursuant to Sections 6.13(b) and 6.13(d) of the Stock Purchase Agreement;

(iii) copies of financial information and Board of Director materials provided pursuant to Section 6.17(a);

(iv) copies of the Estimated Closing Statement provided pursuant to Schedule 2.1 to the Stock Purchase Agreement; and

(v) copies of filings made with any Governmental Authority.

(e) Prior to the Closing, OEUC shall use reasonable best efforts to consult in good faith with the Co-Investor prior to effecting any proposed material amendment, modification or waiver of any provision of the Stock Purchase Agreement; provided that, without limiting Section 4.1(c) hereof, OEUC's election to effect any such amendment, modification or waiver notwithstanding the Co-Investor's objection shall not constitute a breach of this Agreement.

SECTION 4. Conditions Precedent.

4.1. Conditions to Closing. Co-Investor's obligations hereunder are subject to the fulfillment (or waiver by Co-Investor), prior to or at the time of the Closing, of the following conditions:

(a) Articles. The LLC Agreement described under Section 5 shall have been authorized by OEUC and executed by TPG.

(b) Performance. OEUC shall have duly performed and complied in all material respects with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

(c) Stock Purchase Agreement. All conditions precedent to the consummation of the Transaction pursuant to the Stock Purchase Agreement shall have been satisfied, without material amendment, modification or waiver thereof, other than those conditions that are not required to be satisfied until closing, subject to the satisfaction of such conditions at the Closing without material amendment, modification or waiver.

(d) TPG Contribution. At the Closing, TPG shall purchase, and fund its capital contribution with respect to, Interests representing at least 79.9% of the economic interest in OEUC.

SECTION 5. Limited Liability Company Agreement.

5.1. Limited Liability Company Agreement. Co-Investor shall enter into the LLC Agreement prior to the Closing Date, which LLC Agreement shall contain the terms and conditions as set forth herein and in Exhibit A and other customary terms reasonably satisfactory

to Co-Investor; provided that Co-Investor hereby acknowledges and agrees that none of the LLC Agreement, this Agreement or its Equity Securities shall entitle it to any right to elect managers of OEUC, or to otherwise affect, manage or control the business or affairs of OEUC.

5.2. Tag Along Rights. The LLC Agreement shall provide that in the event that TPG agrees to sell a portion of its economic interest in OEUC to a third-party purchaser (other than an Affiliate of TPG) and the Interests to be sold in such sale, when aggregated with all prior sales by TPG, represent more than twenty-five percent (25%) of the economic interest in OEUC that TPG held at the Closing, TPG shall provide all other Investors with written notice not less than 10 days prior to such proposed sale, which notice shall include a reasonably detailed description of the material terms and conditions of the proposed transaction (including (i) the Interests proposed to be sold by TPG, (ii) the percentage of TPG's aggregate economic interest in OEUC proposed to be sold in such sale, (iii) the proposed purchase price and (iv) the proposed timing of the transaction). Each other Investor may, at its option, elect to have the third-party purchaser (other than an Affiliate of TPG) purchase a number of its Interests up to the limit described below at the same price per percentage of economic interest of OEUC conveyed (or portion thereof) as that offered to TPG for its Interests in OEUC and otherwise on materially the same terms and conditions (the "Tag Along Rights"); provided that such Investors shall not have Tag Along Rights with respect to a greater number of Interests than (a) the number of Interests held by the Co-Investor, multiplied by (b) the percentage of TPG's economic interest in OEUC being sold in such sale. To the extent that the third-party purchaser elects not to purchase all of the Interests offered by the Investors following the exercise of Tag Along Rights, the number of Interests purchased by such third-party purchaser shall be allocated among the Investors *pro rata* based on the respective economic interests such holders have elected to sell.

5.3. Drag-Along Rights. The LLC Agreement shall provide that in the event that TPG receives and accepts an offer from a third-party purchaser (other than an Affiliate of TPG) to purchase (whether by stock purchase, merger or otherwise) Interests held by TPG representing at least two-thirds (2/3) of its economic interest in OEUC, after providing the Investors with the opportunity to exercise its Tag Along Rights as set forth in Section 5.2 above, TPG may require each Investor (and its permitted transferees) to transfer a number of Interests equal to (a) the number of Interests held by the Investor, multiplied by (b) the percentage of TPG's economic interest in OEUC being sold (the "Drag Along Rights") to such third-party purchaser at the same price per percentage of economic interest of OEUC conveyed (or portion thereof) as that offered to TPG for its Interests in OEUC and otherwise on materially the same terms and conditions. TPG shall provide Investors with written notice of its intent to exercise its Drag Along Rights not less than 10 days prior to such proposed purchase, which notice shall include a reasonably detailed description of the material terms and conditions of the proposed transaction (including (i) the Interests proposed to be sold by TPG, (ii) the percentage of TPG's aggregate economic interest in OEUC proposed to be sold, (iii) the proposed purchase price and (iv) the proposed timing of the transaction).

SECTION 6. Indemnification.

6.1. Indemnity. Co-Investor agrees, to the fullest extent permitted by law, to indemnify and hold harmless OEUC, each Other Investor, each of their respective officers,

directors, agents, consultants, stockholders, partners, members and other affiliates (collectively, "Representatives"), against any and all losses, liabilities, claims, damages, and expenses whatsoever (including attorneys' fees and disbursements, judgments, fines and amounts paid in settlement) (collectively, "Losses") arising out of or based upon any breach or failure by Co-Investor to comply with any representation, warranty, covenant, or agreement made by it herein or in any other document furnished by it to any of the foregoing pursuant to this Agreement, and OEUC agrees, to the fullest extent permitted by law, to indemnify and hold harmless Co-Investor and its Representatives against any and all Losses arising out of or based upon any breach or failure by OEUC to comply with any representation, warranty, covenant, or agreement made by it herein or in any other document furnished by it to any of the foregoing pursuant to this Agreement.

SECTION 7. Miscellaneous.

7.1. Acceptance. OEUC shall promptly, and in any event, within five Business Days (5) days of receipt of a copy of this Agreement that has been executed by Co-Investor, notify Co-Investor if this subscription is accepted, and shall execute a copy of this Agreement and return a copy to the undersigned. In the event that OEUC does not accept this subscription, OEUC shall promptly return to Co-Investor the copies of this Agreement and any other documents submitted herewith, and this Agreement shall have no further force or effect thereafter.

7.2. Modification. Neither this Agreement nor any provisions hereof shall be waived, modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, modification, change, discharge, or termination is sought.

7.3. Notices. All notices, consents, requests, demands, offers, reports, and other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered properly given and received when personally delivered to the party entitled thereto, or when sent by facsimile or by overnight courier, or seven (7) business days after being sent by certified United States mail, return receipt requested, in a sealed envelope, with postage prepaid, addressed, if to OEUC, c/o SW&W Legal Services, Inc., 211 SW Fifth Avenue, Suites 1600-1800, Portland, Oregon 97204, Attn: William J. Ohle, and, if to Co-Investor, to the address set forth in Schedule 1 hereto; provided that any notice sent by facsimile shall be promptly followed by a copy of such notice sent by mail or overnight courier in the manner described herein. OEUC or Co-Investor may change its address by giving notice to the other in the manner described herein.

7.4. Counterparts. This Agreement may be executed in multiple counterpart copies, each of which shall be considered an original and all of which shall constitute one and the same instrument binding on all the parties, notwithstanding that all parties are not signatories to the same counterpart.

7.5. Successors. Except as otherwise provided herein, this Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, successors, trustees and legal representatives. If

Co-Investor is more than one person, the obligation of Co-Investor shall be joint and several and the agreements, representations, warranties, and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and such person's heirs, executors, administrators, successors, trustees and legal representatives.

7.6. Assignability. This Agreement is not transferable or assignable by Co-Investor; provided, however, that Co-Investor may assign all or a portion of its rights and obligations under this Agreement to any fund managed by Oaktree Capital Management, LLC following (i) prior written notice to OEUC, which notice shall include a reasonably detailed description of the proposed assignment, including the party to whom rights and/or obligations are to be assigned and (ii) consent of OEUC (which consent shall not be unreasonably withheld). Except as permitted above, any purported assignment of this Agreement shall be null and void.

7.7. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes any prior agreement or understanding among them with respect to such subject matter.

7.8. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed in such state.

7.9. Jurisdiction; Venue.

(a) Any action or proceeding relating in any way to this Agreement may be brought and enforced in the courts of the State of New York located in the Borough of Manhattan in the City of New York or (to the extent subject matter jurisdiction exists therefor) of the United States for the Southern District of New York, and the parties irrevocably submit to the jurisdiction of both such courts in respect of any such action or proceeding.

(b) The parties irrevocably waive, to the fullest extent permitted by law, any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in the courts of the State of New York located in the Borough of Manhattan in the City of New York or of the United States for the Southern District of New York and any claim that any such action or proceeding brought in any such court has been brought in any inconvenient forum.

7.10. Termination. The Commitment hereunder shall terminate contemporaneously with the termination or expiration of the Stock Purchase Agreement. In the event that the Stock Purchase Agreement is terminated prior to the Closing Date in accordance with Section 3.2 thereof, Co-Investor acknowledges that it is not entitled to any portion of the Break-Up Fee payable to OEUC pursuant to Section 3.4 of the Stock Purchase Agreement, any portion of the Deposit Funds returned to OEUC pursuant to Section 3.5(b) or (c) of the Stock Purchase Agreement or any amounts received by OEUC pursuant to Section 3.6 of the Stock Purchase Agreement.

7.11. Expenses. Following consummation of the transactions contemplated hereby, OEUC shall reimburse Co-Investor for reasonable and documented expenses incurred by it in connection with this Agreement and the transactions contemplated hereby, subject to a cap of $40,000; provided that the holders of the Class B Interests as set forth in Schedule 1 are also reimbursed for their expenses incurred in connection with the Transaction. In the event that OEUC invites Co-Investor to participate in a meeting of the Board of Directors of OEUC, OEUC shall reimburse Co-Investor's expenses in connection with its attendance at such meeting.

7.12. Survival. The representations, warranties and acknowledgments in Sections 3.1, 3.2 and 3.4(a) and the provisions of Sections 6 and 7 shall, in the event this subscription is accepted, survive such acceptance and the formation and dissolution of OEUC.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the 8th day of March, 2004.

OCM PRINCIPAL OPPORTUNITIES FUND III, L.P.

By: OCM Principal Opportunities Fund III GP, LLC
Its: General Partner

By: Oaktree Capital Management, LLC
Its: General Partner

By:_____
Name:
Title:

By:_____
Name:
Title:

The foregoing subscription is hereby accepted by OEUC as of March __, 2004.

OREGON ELECTRIC UTILITY COMPANY, LLC

By: _____
Name:
Title:

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the __th day of March, 2004.

OCM PRINCIPAL OPPORTUNITIES FUND III, L.P.

By: OCM Principal Opportunities Fund III GP, LLC
Its: General Partner

By: Oaktree Capital Management, LLC
Its: General Partner

By: _____
Name: B. James Ford
Title: Managing Director

By: _____
Name: Jordan L. Kruse
Title: Vice President

The foregoing subscription is hereby accepted by OEUC as of March __, 2004.

OREGON ELECTRIC UTILITY COMPANY, LLC

By: _____
Name:
Title:

Schedule 1

Subscriber Information

I. Amount of Commitment: $50,000,000

II. Subscriber's Name, Mailing Address and Tax Identification Number:

OCM Principal Opportunities Fund III, L.P.
Name
333 South Grand Avenue, 28th Floor
Street
Los Angeles, California 90071
City State Zip Code
(213) 830-6300
Telephone Number
(213) 830-6300
Facsimile Number
20-0379312
Tax I.D. or Social Security Number

III. Subscriber's Address for Notices if Different from Address Above:

Attn: B. James Ford and Jordon L. Kruse
Street
City State Zip Code
Telephone Number
Facsimile Number

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company

EXHIBIT 18

BANKRUPTCY COURT ORDER APPROVING THE SALE OF PGE

ATER WYNNE LLP
222 SW COLUMBIA, SUITE 1800
PORTLAND, OR 97201-6618
(503) 226-1191

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	**Chapter 11**
ENRON CORP., et al.,	**Case No. 01-16034-(AJG)**
Debtors.	**Jointly Administered**

ORDER PURSUANT TO SECTIONS 105 AND 363 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE OF BANKRUPTCY PROCEDURE 6004 (A) AUTHORIZING AND APPROVING THE TERMS AND CONDITIONS OF AGREEMENT FOR THE SALE OF THE STOCK OF PORTLAND GENERAL ELECTRIC COMPANY AND (B) AUTHORIZING THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED THEREIN

Upon the motion, dated November 24, 2003 (the "Motion")[1] of Enron Corp., as debtor and debtor in possession ("Seller"), for an order, pursuant to sections 105 and 363 of Title 11 of the United States Code (the "Bankruptcy Code"), authorizing and approving the terms and conditions of a certain Stock Purchase Agreement dated as of November 18, 2003 (the "Purchase Agreement") between Seller and Oregon Electric Utility Company, LLC ("Purchaser") for the sale by Seller to Purchaser of all of the issued and outstanding shares, $3.75 par value per share (the "Shares"), of Portland General Electric Company (the "Company"), and authorizing the consummation of the transactions contemplated therein (the "Transaction"); and it appearing that the Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that due notice of the Motion and the hearing to be held thereon, including mailing and electronic notification, has been given in accordance

[1] All capitalized terms, unless otherwise defined herein, shall have the meanings defined in the Motion or in the Purchase Agreement (as defined herein).

with this Court's order dated December 4, 2003 (the "Bidding Procedures Order"), and no other or further notice need be given; and a hearing to consider the Motion and the relief requested therein having been held before this Court on February 5, 2004 (the "Hearing"); and based upon the Motion, the exhibits annexed thereto and the evidence presented and arguments made at the Hearing, it appearing that the relief requested in the Motion is in the best interest of Seller and its chapter 11 estate; and upon due deliberation, good and sufficient cause appearing,

IT IS HEREBY FOUND AND DETERMINED AS FOLLOWS:

A. The Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these chapter 11 cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The statutory predicates for the relief sought in the Motion are sections 105(a) and 363(b) and (f) of the Bankruptcy Code.

C. The bidding procedures established by the Bidding Procedures Order (the "Bidding Procedures") have been fully complied with in all material respects by Seller and Purchaser.

D. As evidenced by the certificate of service and certificate of publication filed with the Court, and based on the representations of counsel at the Hearing, proper, timely, adequate, and sufficient notice of the Motion, the Hearing, the sale of the Shares, the Transaction, the Bidding Procedures Order, the Bidding Procedures Notice, the Auction, and a substantially similar form of this Order, has been provided in accordance with sections 102(1), 105, 363, and 1146(c) of the Bankruptcy Code and Bankruptcy

Rules 2002, 6004, and 9013 and Rule 9013-1(c) of the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules"), the Court's Second Amended Case Management Order Establishing, Among Other Things, Noticing of Electronic Procedures, Hearing Dates, Independent Website and Alternative Methods of Participation at Hearings, dated December 17, 2002 (the "Case Management Order"), and the Bidding Procedures Order, (A) to, including without limitation (i) the Office of the United States Trustee; (ii) counsel for JP Morgan Chase and Citibank, N.A., the Debtor in Possession Lenders; (iii) counsel for the Official Committee of Unsecured Creditors appointed in Seller's chapter 11 case (the "Creditors' Committee"); (iv) Purchaser and its counsel; (v) all entities known to Seller that assert any Lien or Claims (as those terms are defined herein); (vi) all parties who expressed in writing to Seller an interest in the Shares, including, but not limited to, a prior bid for the Shares, since the Petition Date; (vii) all relevant taxing authorities; (viii) counsel for the Employment-Related Issues Committee; (ix) the Examiner for Enron North America Corp., (x) the Examiner for Enron Corp.; (xi) any person, or counsel if retained, appointed pursuant to 28 U.S.C. § 1104; (xiii) all entities who had filed a notice of appearance and request for service of papers in these cases in accordance with Bankruptcy Rule 2002 and the Case Management Order; (B) by electronic notification through posting on the Bankruptcy Court's website, www.nysb.uscourts.gov; and (C) by publication of the Bidding Procedures Notice in the *Wall Street Journal* (national edition). Such notice was good and sufficient, and appropriate under the particular circumstances, and no other or further notice is required.

E. A reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein has been afforded to all interested parties and entities, including without limitation those parties set forth or referenced in Paragraph D above.

F. Seller is the legal and equitable owner of the Shares and, upon entry of this Order, has full corporate power and authority to consummate the Transaction and to comply with each and every one of its obligations thereunder or in connection therewith. The Purchase Agreement has been duly and validly authorized by all necessary corporate action of Seller.

G. No consents or approvals are required for Seller to consummate the Transaction other than those set forth in the Purchase Agreement. Neither the execution of the Purchase Agreement nor the consummation of the Transaction in accordance with its terms will constitute a violation of any provision of Seller's organizational documents, or any other instrument, law, regulation or ordinance by which Seller is bound.

H. Seller's current support of the Purchase Agreement reflects the exercise of Seller's sound business judgment, and approval at this time of the Purchase Agreement and consummation of the Transaction is in the best interests of Seller, its estate, its creditors, and other parties in interest.

I. Seller has demonstrated both (i) sufficient and sound business purpose and justification; and (ii) compelling circumstances for the Transaction in accordance with section 363(b) of the Bankruptcy Code prior to the confirmation of a chapter 11 plan in Seller's Chapter 11 case. In support of this conclusion, the Court finds the following facts to be true. First, there can be no assurance that Purchaser would be willing to consummate the Transaction if required to wait for approval of the Transaction as part of

confirmation of Seller's chapter 11 plan. Second, Seller has acted with care and loyalty when considering whether to sell the Shares pursuant to the Purchase Agreement and does not rely on advice from an advisor who has a material conflict of interest.

J. The purchase price in the Purchase Agreement is fair and reasonable and provides reasonably equivalent value. In support of this conclusion, the Court finds the following facts to be true. The bidding and auction procedures were fair and designed to maximize the purchase price and were implemented in a fair manner. Following more than two years of extensive marketing of the Shares by Seller, the proposed sale of the Shares was widely publicized, all potential bidders who wanted to participate were allowed to bid, no bidder was unsuccessful in attempting to communicate a higher bid, and competitive bidding for the Shares was not stifled. Moreover, the price was (1) negotiated at arms length between commercially sophisticated entities after extended and vigorous negotiations, (2) not the product of collusion among potential bidders or between Seller and Purchaser, (3) not the product of any other unfair or inequitable conduct, and (4) the highest and best price offered.

K. The parties to the Transaction acted in good faith. In support of this conclusion, the Court finds the following facts to be true. First, the sale was negotiated at arms-length between two commercially sophisticated entities. Second, there was no fraud associated with any part of this transaction. Third, Purchaser did not collude with Seller or any other bidder. Fourth, Purchaser did not attempt to take unfair advantage of any other bidder. Fifth, neither Seller nor Purchaser attempted to or did exclude a bidder from participating in the auction. Sixth, neither Seller nor Purchaser has contrived an

emergency. Seventh, Purchaser will pay reasonably equivalent value for the Shares and was the highest bidder.

L. Purchaser acted in good faith as defined in 11 U.S.C. § 363(m). Nothing in this Order conditions the sale on the outcome of an appeal. Nothing in this Order or the Purchase Agreement waives Purchaser's rights under 11 U.S.C. § 363(m).

M. The Purchase Agreement does not (1) dictate any future chapter 11 plan, (2) impermissibly restructure the rights of creditors, (3) require the creditors to vote for any specified chapter 11 plan, or (4) attempt to circumvent the disclosure requirements of chapter 11.

N. The consummation of the Transaction (the "Closing") shall (i) constitute a legal, valid, and effective transfer of property of Seller's estate to Purchaser, and (ii) vest Purchaser with good title to the Shares, free and clear of all liens, claims, encumbrances and interests of any kind or nature in accordance with section 363(f) of the Bankruptcy Code because one or more of the standards set forth in sections 363(f)(1)-(5) of the Bankruptcy Code have been satisfied. Those non-debtor parties with liens, claims, encumbrances and interests of any kind or nature whatsoever in the Shares who did not object to the Motion and the relief requested therein, or who withdrew their objections to the Motion, are deemed to have consented pursuant to section 363(f)(2) of the Bankruptcy Code.

O. The Purchase Agreement is a valid and binding contract between Seller and Purchaser, which contract is and shall be enforceable according to its terms.

P. All of the provisions of the Purchase Agreement are nonseverable and mutually dependent.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

General Provisions

1. The Motion shall be, and it hereby is, granted.

2. All objections, if any, to the Motion or the relief requested therein that have not been withdrawn, waived or settled are hereby overruled on the merits.

Approval of the Purchase Agreement

3. The terms and conditions of the Purchase Agreement and Transaction are hereby approved in all respects, and are hereby approved and authorized under sections 105 and 363(b) of the Bankruptcy Code.

4. Pursuant to section 363(b) of the Bankruptcy Code, Seller is hereby authorized and empowered to fully assume, perform under, consummate and implement the Purchase Agreement and all obligations contemplated therein, together with all additional instruments and documents contemplated therein or that may be reasonably necessary to implement or further the intentions and provisions of the Purchase Agreement.

Transfer of Shares

5. Pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, upon Closing, the Shares shall be transferred to Purchaser, free and clear of all security interests, pledges, liens, judgments, demands, encumbrances, restrictions or charges of any kind or nature, if any, including, but not limited to, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership (the foregoing collectively referred to as "Liens" herein) and all debts arising in any way in connection with any acts of Seller, claims (as such term is defined in the Bankruptcy Code),

obligations, demands, guaranties, options, rights, contractual commitments, restrictions, interests and matters of any kind and nature, arising prior to the Closing or relating to acts occurring prior to the Closing, and whether imposed by agreement, understanding, law, equity or otherwise (the foregoing collectively referred to as "Claims" herein), in accordance with section 363(f) of the Bankruptcy Code, with any such Liens and Claims (including the DIP Liens[2] and any Liens and Claims of the Pension Benefit Guaranty Corporation ("PBGC"), if any), to attach to the proceeds of the Transaction, with the same validity, enforceability, priority, force and effect that they now have as against the Shares or Company, subject to the rights, claims, defenses and objections, if any, of Seller and all interested parties with respect to such Liens and Claims.

6. All persons and entities, including, but not limited to, all (a) holders of Seller's indebtedness, (b) debt security holders, (c) equity security holders, (d) governmental, tax, and regulatory authorities, (e) lenders, and (f) trade and other creditors, holding Liens or Claims against Seller or the Shares (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or noncontingent, senior or subordinated), arising on or before the Closing, or out of, under, in connection with, or in any way relating to, events occurring prior to the Closing, with respect to the Shares hereby are forever barred, estopped, and permanently enjoined from asserting such Liens and Claims of any kind and nature against Purchaser, its successors or assigns, their property, the Shares, or the Company.

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[2] As defined in the Final Order Authorizing Debtors to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 363(c)(3) and 364(d)(1), dated July 2, 2002, as supplemented by the Order Authorizing, Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3) and 364(d)(1), Amendment of DIP Credit Agreement to Provide for Extension of Post-Petition Financing, dated May 8, 2003 (the "Final Order").

7. Upon consummation of the transactions contemplated by the Purchase Agreement, the claims, if any, of the PBGC relating to any pension plan sponsored or maintained (or formerly sponsored or maintained) by Seller, or any other trade or business, whether or not incorporated, that together with Seller would be deemed a "single employer" under Section 414 of the Internal Revenue Code of 1986, shall attach to the proceeds of the transaction, with the same validity, enforceability, priority, force and effect as they have against the Company, notwithstanding paragraph 6 of this Order. Solely for purposes of this decretal paragraph 7, (a) the proceeds shall be treated as a separate member of Enron's controlled group, as defined in accordance with 29 U.S.C. § 1301(a)(14), for purposes of Title IV of the Employee Retirement Income Security Act of 1974, as amended, and (b) notwithstanding the foregoing subclause (a), the Debtors, the Creditors' Committee and any other party in interest shall have the right to challenge the PBGC's interests or claims, if any, on any grounds, including the right to assert that the Company was not a member of Enron's controlled group.

8. The Transaction contemplated by the Purchase Agreement is not subject to taxation under any federal, state, local, municipal or other law imposing or purporting to impose a stamp, transfer, recording, sale or any other similar tax in accordance with sections 1146(c) and 105(a) of the Bankruptcy Code.

Additional Provisions

9. This Order (i) is and shall be effective as a determination that, all Liens existing as to the Shares prior to the Closing shall, upon consummation of the Transaction, have been unconditionally released, discharged and terminated in accordance with section 363(f) of the Bankruptcy Code, and that, upon consummation of the Transaction, the conveyance of the Shares described herein will have been effected,

and (ii) is and shall be binding upon and shall govern the acts of all entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments.

10. Each and every federal, state, and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated in the Purchase Agreement.

11. If any person or entity that has filed documents or agreements evidencing Liens on or interests in the Shares shall not have delivered to Seller prior to the Closing, in proper form for filing and executed by the appropriate parties, releases of all such Liens or other interests that the person or entity has with respect to the Shares, then (i) Seller is hereby authorized and directed to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Shares and (ii) Purchaser is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered, or otherwise recorded, shall constitute conclusive evidence of the release of all such Liens or other interests of any kind or nature whatsoever in the Shares.

12. Other than Purchaser's obligations as owner of the Company after consummation of the Transaction, neither Purchaser nor the Company is assuming nor shall it in any way whatsoever be liable or responsible, as a successor for any liabilities, debts, commitments or obligations (whether known or unknown, disclosed or undisclosed, absolute, contingent, inchoate, fixed or otherwise) of Seller or its operations, or any liabilities, debts, commitments or obligations in any way whatsoever relating to or

arising from the Shares or Seller's use or control of the Shares on or prior to the Closing, or any such liabilities, debts, commitments or obligations that in any way whatsoever relate to the Shares during periods on or prior to the Closing or that are to be observed, paid, discharged or performed on or prior to the Closing, or any such liabilities calculable by reference to Seller or its assets or operations, or relating to Seller's continuing conditions existing on or prior to the Closing, which liabilities, debts, commitments and obligations are hereby extinguished insofar as they may give rise to successor liability, without regard to whether the claimant asserting any such liabilities, debts, commitments or obligations has delivered to Purchaser or Company a release thereof. Without limiting the generality of the foregoing, except to the extent that Purchaser shall have obligations that arise from its status as owner of the Company after consummation of the Transaction, Purchaser shall not become liable or responsible, as a successor for Seller's liabilities, debts, commitments or obligations arising prior to, on or after the Closing and under or in connection with (i) any employment or labor agreements, consulting agreements, severance arrangements, change-in-control agreements or other similar agreement to which Seller is a party, (ii) any pension, welfare, compensation or other employee benefit plans, agreements, practices and programs, including, without limitation, any pension plan of Seller, (iii) the cessation of Seller's operations, dismissal of employees, or termination of employment or labor agreements or pension, welfare, compensation or other employee benefit plans, agreements, practices and programs, obligations that might otherwise arise from or pursuant to the Employee Retirement Income Security Act of 1974, as amended, the Fair Labor Standard Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination and Employment Act of 1967, the

Federal Rehabilitation Act of 1973, the National Labor Relations Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, COBRA, or the Worker Adjustment and Retraining Notification Act, (iv) workmen's compensation, occupational disease or unemployment or temporary disability insurance claims, (v) environmental liabilities, debts, claims or obligations arising from conditions first existing on or prior to Closing (including, without limitation, the presence of hazardous, toxic, polluting, or contaminating substances or wastes), which may be asserted on any basis, including, without limitation, under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., (vi) any bulk sales or similar law, (vii) any liabilities, debts, commitments or obligations of, or required to be paid by, Seller for any taxes of any kind for any period, (viii) any liabilities, debts, commitments or obligations for any taxes relating to Seller's business or the Shares for or applicable to the pre-Closing tax period, (ix) any litigation, and (x) any other liability or similar claims, whether pursuant to any state or any federal laws or otherwise.

13. The recitation, in the immediately preceding paragraph of this Order, of specific agreements, plans or statutes is not intended, and shall not be construed, to limit the generality of the categories of liabilities, debts, commitments or obligations referred to therein.

14. Except as otherwise expressly provided in the Purchase Agreement or herein, no person or entity shall assert by suit or otherwise against Purchaser or its successors in interest any claims, liabilities, debts or obligations inconsistent with the provisions of this Order.

15. The Court shall retain jurisdiction (i) to enforce and implement the terms and provisions of the Purchase Agreement, all amendments thereto, any waivers and consents thereunder, and of each of the agreements executed in connection therewith, (ii) to compel delivery of the Shares to Purchaser and to compel delivery of the Purchase Price to the Seller, (iii) to resolve any disputes, controversies or claims arising out of or relating to the Purchase Agreement, and (iv) to interpret, implement, and enforce the provisions of this Order.

16. Until the earlier of the Closing Date or valid termination of the Purchase Agreement in accordance with the provisions thereof, none of Seller, its representatives, the Company or the Company's representatives shall directly or indirectly, solicit, accept, facilitate, review, cooperate with, discuss, or provide information in connection with, any offer, inquiry, proposal, bid or indication of interest from any Person, or respond to any inquiries from or engage in any negotiations with any Person, or share any information regarding Purchaser or the Company, with respect to or in possible contemplation of any transaction involving a purchase or other acquisition of the Shares, other than the Transaction. Additionally, none of Seller, its representatives, the Company or the Company's representatives shall assist, cooperate with or help to facilitate any other Person in taking any of the actions contemplated by the preceding sentence. Notwithstanding the foregoing, Seller may take limited and appropriate actions to preserve its ability to effect a distribution of the Shares to its existing creditors pursuant to its chapter 11 plan as an alternative transaction in the event that the Purchase Agreement is validly terminated pursuant to Section 3.2 thereof, provided that this

sentence shall not permit Seller to take any action inconsistent with the Purchase Agreement or consummation of the Transaction.

17. No person shall take any action to prevent, interfere with, or otherwise enjoin consummation of the transactions contemplated in accordance with the Purchase Agreement or this Order.

18. Nothing contained in any chapter 11 plan confirmed in this chapter 11 case or any Order of this Court confirming such plan or any other order entered in this chapter 11 case shall conflict with or derogate from the provisions of the Purchase Agreement, to the extent modified by this Order, or the terms of this Order.

19. The terms and provisions of the Purchase Agreement, to the extent modified by this Order, together with the terms and provisions of this Order, shall be binding in all respects upon, and shall inure to the benefit of, Seller, its estate and creditors, Purchaser, its affiliates, and their respective successors and assigns, and this Order shall be binding in all respects upon any affected third parties, and all persons asserting a Claim against or interest in Seller's estate or any of the Shares to be sold to Purchaser pursuant to the Purchase Agreement. The Purchase Agreement and the transactions contemplated thereby shall be specifically performable and enforceable against and binding upon, and not subject to rejection or avoidance by, Seller or any chapter 7 or chapter 11 trustee of Seller and its estate, and/or any trust established by Seller to hold or distribute all or any part of its assets.

20. All amounts, if any, that become payable by Seller pursuant to the Purchase Agreement shall (a) constitute administrative expenses pursuant to Sections 503(b) and 507(a) of the Bankruptcy Code and (b) be due and payable and, subject to any

right, claim or defense of the Sellers, paid by such Seller in the time and manner as provided in the Purchase Agreement, without further order of the Court.

21. The failure specifically to include any particular provisions of the Purchase Agreement in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Purchase Agreement be authorized and approved in its entirety, subject to the provisions of this Order.

22. Notwithstanding anything contained herein to the contrary, nothing in this Order or the Purchase Agreement approved hereby release Seller or Purchaser and their respective affiliates from any claims of the United States, or modify, alter, impair or in any way affect the application of any laws or regulations of the United States.

23. The Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto in accordance with the terms thereof without further order of the Court; provided, however, that, in connection therewith, the parties shall obtain the prior written consent of the Creditors' Committee, which consent shall not be unreasonably withheld; and provided, further, that any such modification, amendment or supplement shall neither be material nor materially change the economic substance of the transactions contemplated hereby.

24. In the event Seller transfers the Shares to any trust or other entity prior to the Closing, such trust or other entity shall be bound by the terms and provisions of the Agreement as if it were Seller thereunder.

25. Except to the extent required to repay the DIP Obligations[3] pursuant to and in accordance with the Final Order and the Documents, if any, all

[3] As defined in the Final Order.

proceeds received by Seller from the consummation of the Transaction shall be held by Seller in a separate interest bearing account and Seller shall neither use nor distribute such proceeds until further order of the Court.

26. To the extent of any inconsistency between the provisions of the Purchase Agreement, any documents executed in connection therewith, and this Order, the provisions contained herein shall govern.

27. The ten (10) day stay period provided for in Bankruptcy Rule 6004(g) shall not be in effect with respect to the Transaction, and, thus, this Order shall be effective and enforceable immediately upon entry.

Dated: New York, New York
February 5, 2004

s/Arthur J. Gonzalez
HONORABLE ARTHUR J. GONZALEZ
UNITED STATES BANKRUPTCY JUDGE

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company

EXHIBIT 19

HIGHLY CONFIDENT LETTER (NOVEMBER 18, 2003)

ATER WYNNE LLP
222 SW COLUMBIA, SUITE 1800
PORTLAND, OR 97201-6618
(503) 226-1191

EXECUTION COPY

CREDIT SUISSE FIRST BOSTON LLC
Eleven Madison Avenue
New York, New York 10010

November 18, 2003

TPG Partners III, L.P.
TPG Partners IV, L.P.
345 California Street
Suite 3300
San Francisco, CA 94104

Attention: Kelvin Davis, Partner

Re: TPG —Highly Confident Letter *

Ladies and Gentlemen:

TPG Partners III, L.P. and TPG Partners IV, L.P. (collectively, "TPG" or "you") has advised Credit Suisse First Boston LLC (together with its affiliates, "CSFB" or "we" or "us") that you propose (i) to effect the acquisition (the "PGE Acquisition") of Portland General Electric Company ("PGE") from Enron Corp. (the "Seller") for an aggregate purchase price of $1,250,000,000 (plus amounts to be paid, if any, pursuant to applicable purchase price adjustments) in cash in accordance with the Stock Purchase Agreement, dated as of November 18, 2003, by and between the Seller and Holdco (as hereafter defined) (the "Stock Purchase Agreement") and (ii) in connection with the consummation of the PGE Acquisition and refinancing certain indebtedness of PGE, to raise gross cash proceeds of approximately $1,150,000,000 from financing comprised of senior secured term loan facilities aggregating approximately $400,000,000 and a senior secured revolving credit facility of approximately $100,000,000 for Holdco (together, the "Senior Secured Credit Facilities"), an approximately $250,000,000 revolving credit facility for PGE (the "Senior Revolving Facility" and together with the Senior Secured Credit Facilities, the "Credit Facilities") and the issuance by Holdco of approximately $400,000,000 aggregate principal amount of senior unsecured notes (the "Notes" and, together with the Credit Facilities, the "Financing"). To effect the PGE Acquisition, you have advised us that a holding company ("Holdco") would be formed and you would make a capital contribution (in cash) to the common equity of Holdco of approximately $500,000,000 and that PGE would become a wholly owned subsidiary of Holdco.

* Please note that the amounts of the Term Loans and Notes are different than those in the Application. The precise allocation between the Term Loans and the Notes will be determined at closing.

The PGE Acquisition, the entering into and borrowings under the Credit Facilities, the issuance of the Notes and the other transactions entered into and consummated in connection with the PGE Acquisition are herein referred to as the "Transactions".

Based on the foregoing and our discussions and understanding of the facts to date, we are pleased to inform you that, subject to the factors and conditions set forth below, we are, as of the date hereof, (i) highly confident of our ability to arrange a syndicate of lenders willing to provide the entire amount of the Credit Facilities and prepared to continue discussions with you at the appropriate time regarding the terms and conditions upon which we could issue a formal commitment letter with respect to the Credit Facilities; and (ii) highly confident of our ability to arrange, as exclusive placement agent, sole initial purchaser or sole managing underwriter, for the sale of the Notes through a private sale with customary registration rights and/or public offering. Solely for illustrative purposes, and without in any way limiting the foregoing, (x) had the closing and funding of the Credit Facilities occurred on or about the date hereof under currently existing market conditions, we believe the structure, conditions and terms of the Credit Facilities would have been substantially as described in the Summary of Illustrative Preliminary Terms and Conditions as of November 18, 2003 attached hereto as Exhibits A and B; and (y) had the closing of the sale of the Notes occurred on or about the date hereof under currently existing market conditions, we believe the terms of the Notes would have been substantially as described in the Summary of Illustrative Preliminary Terms as of November 18, 2003 attached hereto as Exhibit C. Exhibits A, B and C are referred to collectively as the "Term Sheets". The actual structure, covenants and terms of the Credit Facilities and the Notes will be as determined by CSFB and you and shall be to your and our mutual satisfaction based on market conditions at the time of the syndication and closing of the Credit Facilities and the offering and sale of the Notes and on the structure and documentation of the Transactions, and could therefore differ, perhaps to a material degree, from those presented in the Term Sheets.

Our view expressed above is based on our understanding of the PGE Acquisition as currently structured, including our understanding of the business, results, operations, conditions and prospects of Holdco and PGE, and current general economic and market conditions. We have based our judgment upon information supplied to date by you and PGE to us, and we have not assumed any responsibility for independent verification of such information and have relied on its being complete and accurate in all material respects. You also have instructed us to assume the cooperation of all parties-at-interest in the proposed PGE Acquisition. Our view is also based upon (i) there not having occurred or becoming known any change, circumstance or event that is, or could reasonably be expected to be, materially adverse to the business, financial condition, assets, or liabilities of Holdco and its subsidiaries, including PGE and PGE's subsidiaries, taken as a whole (and after giving effect to the Transactions) (I) with respect to Holdco (which does not have and will not have any other subsidiaries except PGE and its subsidiaries from the date of the PGE Acquisition), since the date of its formation and (II) with respect to PGE and its subsidiaries, since September 30, 2003, or with respect to the business plan provided to CSFB (the "Business Plan"); (ii) (A) with respect to the Credit Facilities, the existence of market conditions not

materially less favorable than those currently existing for senior secured syndicated credit facilities comparable in terms, structure and contemplated credit rating to the Credit Facilities, and there not having occurred and being continuing any material adverse change or any condition or event that could reasonably be expected to result in a material disruption in the domestic or international financial, banking, currency or capital markets from those in effect on the date hereof that in CSFB's reasonable judgment could materially impair the syndication of the Credit Facilities; and (B) with respect to the Notes, reasonably satisfactory market conditions for the new issuance of high yield securities and reasonably satisfactory market conditions in the securities markets in general; (iii) the execution and delivery of definitive documentation for the Transactions, all in form and substance reasonably satisfactory to CSFB, and all conditions precedent thereunder to the obligations of the various parties thereto to consummation of the Transactions having been satisfied (or waived on terms not materially adverse to the lenders)(the Stock Purchase Agreement dated as of November 18, 2003 is in form and substance satisfactory to us); (iv) receipt of all requisite regulatory, governmental, shareholder and other third party consents required to consummate the Transactions without the imposition of any materially burdensome condition; (v) CSFB not becoming aware of or otherwise discovering adverse information or developments concerning conditions or events previously disclosed to CSFB that are inconsistent in any material respect with the information or Business Plan provided to us prior to the date hereof; (vi) CSFB having a reasonable time to arrange, syndicate and place the Credit Facilities, and market the Notes, based on our experience in comparable transactions and existing market conditions; (vii) the marketing process being conducted in a manner reasonably satisfactory to CSFB, and utilizing offering materials reasonably satisfactory to CSFB, and Holdco and PGE assisting and cooperating with CSFB in such marketing, including making management available to potential investors and attending meetings with potential investors; (viii) there not existing any competing offering of debt securities by or on behalf of Holdco or any of its affiliates or by or on behalf of PGE; (ix) satisfactory completion of CSFB's business, legal, environmental and accounting due diligence; (x) CSFB's reasonable satisfaction with all terms and provisions of, and the amount outstanding at the Closing Date of, any existing debt and the consolidated pro forma capitalization of Holdco; (xi) the Financing being adequate to consummate the Transactions and to meet the anticipated working capital requirements of Holdco and its subsidiaries following the consummation of the Transactions in the reasonable opinion of CSFB; (xii) there not existing any threatened, instituted or pending action, proceeding or counterclaim by or before any court or governmental, administrative or regulatory agency or authority, domestic or foreign, reasonably likely to have a material adverse effect on the ability of the parties to consummate the Transactions or the transactions contemplated thereby or to result in the entry of, any judgment, order or injunction that would restrain, prohibit or impose materially adverse conditions on our ability to arrange or syndicate the Credit Facilities or market the Notes or on the consummation of any of the Transactions, or to result in the payment of any material damages as a result thereof; (xiii) no change or proposed change in law that could reasonably be expected to materially and adversely affect the economic consequences, including tax treatment, Holdco or PGE contemplates deriving from any of the Transactions; (xiv) CSFB having received such legal opinions and other documents as we may reasonably request; (xv) no default existing under

the terms of any material agreements of Holdco or PGE or any of their respective subsidiaries either before or following the consummation of the Transactions; (xvi) with respect to the Notes, the availability of the requisite audited, unaudited and pro forma financial information in respect of Holdco in order to register the Notes in accordance with the Securities Act of 1933, as amended; and (xvii) CSFB acting in connection with the Credit Facilities and the Notes in accordance with our internal commitment committee, credit policies and approvals. The terms and conditions of, and documentation relating to, the items enumerated above (including the Credit Facilities and the Notes) shall be on the terms and in form and substance acceptable to you and CSFB.

This letter has been delivered to you for your information only and is not to be used or relied on by any other person (and in no event shall CSFB have any liability to any other person (including, without limitation, the Seller or PGE)). This letter is not intended to be and does not constitute a commitment with respect to the Credit Facilities or the Notes or any other financing and creates no obligation or liability on the part of CSFB or any of our affiliates in connection with, or any agreement by CSFB or any of our affiliates to syndicate, provide, place, underwrite or participate in, any financing on a principal or agency basis or otherwise.

Prior to the time, if any, when this letter is filed with the Bankruptcy Court (as defined in the Stock Purchase Agreement) as an exhibit to the Stock Purchase Agreement in connection with necessary approval for the PGE Acquisition, this letter, the contents hereof and CSFB's and/or our affiliates' activities pursuant hereto shall be confidential and shall not be disclosed by or on behalf of you or any of your affiliates to any person (other than your officers, directors, employees and advisors in connection with the Transactions on a confidential and need-to-know basis) without our prior written consent, except that, you may (i) deliver a copy of this letter to the Seller's and PGE's officers, directors, employees and advisors, the Creditors Committee (as defined in the Stock Purchase Agreement) and the examiners in Seller's chapter 11 case (and their respective advisors) for information purposes only in connection with the Transactions and on a confidential and need-to-know basis, and (ii) make such disclosure of this letter as you are required by applicable law (including, without limitation, filing requirements of the Securities and Exchange Commission) or compulsory legal process (based on the advice of legal counsel); provided, however, that in such event you agree to give us prompt notice thereof and to cooperate with us in securing a protective order in the event of compulsory disclosure and that any disclosure made pursuant to public filings shall be subject to our prior approval (not to be unreasonably withheld or delayed). You agree that you will permit us to review and approve any reference to CSFB or any of our affiliates in connection with this letter or the transactions contemplated hereby contained in any press release or similar public disclosure prior to public release. Notwithstanding anything to the contrary, any binding confidentiality obligations of the parties that relate to the Transactions shall not apply to the U.S. federal tax treatment or U.S. federal tax structure of the Transactions and each party hereto (and any employee, representative, or agent of any party) may disclose to any and all persons, without limitation of any kind, the U.S. federal tax treatment and U.S. federal tax structure of the Transactions

and all other materials of any kind (including opinions or other U.S. federal tax analysis) that are provided to any party hereto relating to such U.S. federal tax treatment and U.S. federal tax structure. However, any such information relating to such U.S. federal tax treatment and U.S. federal tax structure is required to be kept confidential to the extent necessary to comply with any applicable securities laws. The preceding sentences are intended to cause the Transactions not to be treated as having been offered under conditions of confidentiality for purposes of Sections 1.6011-4(b)(3) and 301.6111-2(a)(2)(ii) (or any successor provisions) of the Treasury Regulations issued under the Internal Revenue Code of 1986, as amended, and shall be construed in a manner consistent with such purpose.

This letter shall be governed by, and construed in accordance with, the laws of the State of New York. Each of the parties hereto waives all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) related to or arising out of any of the Transactions or the other transactions contemplated hereby, or the performance by us or any of our affiliates of the services contemplated hereby.

No amendment or waiver of any provision hereof shall be effective unless in writing and signed by the parties hereto and then only in the specific instance and for the specific purpose for which given. This letter may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart by telecopier shall be as effective as delivery of a manually executed counterpart.

(Signature Page Follows)

We are excited about the opportunity to work with you and look forward to expeditiously proceeding with the proposed financing.

Very truly yours,

CREDIT SUISSE FIRST BOSTON LLC

By: _____
Name: James S. Finch
Title: Managing Director

Accepted and agreed to as of
the date first written above:

TPG Partners III, L.P.
TPG Partners IV, L.P.

By: _____
Name:
Title:

We are excited about the opportunity to work with you and look forward to expeditiously proceeding with the proposed financing.

Very truly yours,

CREDIT SUISSE FIRST BOSTON LLC

By: _____
Name:
Title:

Accepted and agreed to as of
the date first written above:

TPG Partners III, L.P.
TPG Partners IV, L.P.

By: _____
Name: Richard P. Schifter
Title: Authorised Signatory

Exhibit A

THIS SUMMARY OF ILLUSTRATIVE PRELIMINARY TERMS AND CONDITIONS AS OF NOVEMBER 18, 2003 IS FOR ILLUSTRATION PURPOSES ONLY AND IS NOT INTENDED TO BE, AND SHALL NOT CONSTITUTE, A COMMITMENT OR UNDERTAKING BY CSFB (AS DEFINED BELOW) (OR ANY OF ITS AFFILIATES) TO ARRANGE, SYNDICATE OR PROVIDE ALL OR PART OF THE SENIOR SECURED CREDIT FACILITIES (AS DEFINED BELOW) ON THE TERMS AND CONDITIONS SET FORTH HEREIN OR ANY OTHER TYPE OF FINANCING.

SENIOR SECURED CREDIT FACILITIES
Summary of Illustrative Preliminary Terms and Conditions
as of November 18, 2003

Oregon Electric Utility Company, LLC ("Holdco") has been formed by TPG Partners III, L.P. and TPG Partners IV, L.P. (collectively, "TPG") to effect the acquisition (the "PGE Acquisition") of Portland General Electric Company ("PGE") from Enron Corp. (the "Seller") for an aggregate purchase price of $1,250,000,000 (plus amounts to be paid, if any, pursuant to applicable purchase price adjustments) as set forth in the Stock Purchase Agreement, dated as of November 18, 2003, by and between Holdco and the Seller (the "Stock Purchase Agreement"). In connection with the formation of Holdco, TPG shall make a capital contribution (in cash) to the common equity of Holdco of approximately $500,000,000.

In connection with the PGE Acquisition and refinancing certain indebtedness of PGE, gross cash proceeds of approximately $1,150,000,000 will be raised from financing comprised of senior secured term loan facilities aggregating approximately $400,000,000 and a senior secured revolving credit facility of approximately $100,000,000 for Holdco as such financing described herein (together, the "Senior Secured Credit Facilities"), an approximately $250,000,000 revolving credit facility for PGE (the "Senior Revolving Facility" and together with the Senior Secured Credit Facilities, the "Credit Facilities") and the issuance by Holdco of approximately $400,000,000 aggregate principal amount of senior unsecured notes (the "Notes").

The PGE Acquisition, the entering into and borrowings under the Credit Facilities, the issuance of the Notes and the other transactions entered into and consummated in connection with the PGE Acquisition are herein referred to as the "Transactions". Certain capitalized terms used herein are defined in the Highly Confident Letter dated November 18, 2003 addressed to TPG from Credit Suisse First Boston LLC (the "Highly Confident Letter").

I. PARTIES

Borrower:	Holdco (the "Borrower").
Sole Lead Arranger and Bookrunner:	Credit Suisse First Boston ("CSFB," and in such capacity, the "Arranger").

Administrative Agent:	CSFB (in such capacity, the "Administrative Agent").
Syndication Agent:	A bank to be named satisfactory to the Arranger (in such capacity, the "Syndication Agent").
Co-Documentation Agents:	To be determined.
Lenders:	A syndicate of banks, financial institutions and other entities arranged by the Arranger (collectively, the "Lenders").

II. TYPES AND AMOUNTS OF SENIOR SECURED CREDIT FACILITIES

A. Term Facilities

Type and Amount:	Up to three term facilities (the "Term Facilities") in an aggregate amount of up to $400,000,000 (the loans thereunder, the "Tranche A Term Loans", "Tranche B Term Loans" and "Tranche C Term Loans" and collectively, "Term Loans") with maturity ranging from two years for Tranche A and no less than five years and up to nine years for Tranches B and C.
Amortization:	The Term Loans shall be repayable in quarterly installments (in amounts to be determined) during their respective terms and the remainder shall be repayable on their respective maturities.
Availability:	The Term Loans shall be made in a single drawing on the Closing Date.
Purpose:	The proceeds of the Term Loans shall be used to finance the Transaction and to pay related fees and expenses.

B. Revolving Facility

Type and Amount:	Three-year revolving credit facility (the "Revolving Facility"; together with the Term Facilities, the "Senior Secured Credit Facilities") in the amount of approximately $100,000,000 (the loans thereunder, the "Revolving Loans"; together with the Term Loans, the "Loans").
Availability:	The Revolving Facility shall be available on a revolving basis during the period commencing on the Closing Date and ending on the third anniversary thereof (the "Revolving Termination Date").

Maturity:	The Revolving Termination Date.
Purpose:	The proceeds of the Revolving Loans shall be used to finance the working capital needs of the Borrower and its subsidiaries in the ordinary course of business and for other general corporate purposes, including transaction fees and expenses and any payments necessary in connection with the adjustment of the Purchase Price as defined in and pursuant to the Stock Purchase Agreement.

III. CERTAIN PAYMENT PROVISIONS

Fees and Interest Rates:	As set forth on Annex I.
Optional Prepayments and Commitment Reductions:	Loans may be prepaid and commitments may be reduced by the Borrower in minimum amounts to be agreed upon. Application of proceeds from such optional prepayments among the Term Loans to be determined. The Term Loans so repaid may not be reborrowed. Notwithstanding the foregoing, so long as any Tranche A Term Loans are outstanding, each holder of Tranche B Term Loans and Tranche C Term Loans shall have the right to refuse all or any portion of such prepayment allocable to its Tranche B Term Loans and Tranche C Term Loans, as the case may be, and the amount so refused will be applied to prepay the Tranche A Term Loans.
Mandatory Prepayments and Commitment Reductions:	The following amounts shall be applied to prepay the Term Loans and reduce the Revolving Facility: (i) A portion, to be negotiated, of the net proceeds of any sale or issuance of equity or equity-linked securities (with exceptions to be agreed upon) by the Borrower; (ii) A portion, to be negotiated, of any sale or other disposition (including as a result of casualty or condemnation, but excluding insurance proceeds used to remediate environmental issues) by the Borrower or any of its subsidiaries of any assets (except for the sale of inventory in the ordinary course of business and certain other dispositions to be agreed on) and subject to a 364-day reinvestment right, provided that the amount of such net proceeds from the sale or other disposition of assets by any of the Borrower's subsidiaries shall be limited to the portion thereof that shall remain after such net proceeds are first (x) applied to prepay any indebtedness of such

subsidiary in accordance with any mandatory prepayment or redemption provisions thereof or (y) in accordance with the terms and conditions thereof, deposited as collateral security for any indebtedness to obtain the release of such assets from any lien thereon securing such indebtedness and that shall be able (after receipt of any governmental approvals now or hereafter required) to be paid as a dividend by such subsidiary to the Borrower (the Borrower agreeing to use its best efforts to cause such dividend to be so paid to the extent permitted by law and existing agreements, and consistent with regulatory orders);

(iii) Until the earlier of (a) a maximum leverage test (to be defined) is achieved and (b) the date upon which the corporate rating of the Borrower is at least BBB- by Standard & Poor's and Baa3 by Moody's, 100% of excess cash flow (to be defined as (w) Parent Operating Cash Flow (to be defined) minus (x) the sum of the following paid in cash by the Borrower: interest, and scheduled and voluntary Term Loan principal payments minus (y) taxes paid or payable and minus (z) dividends permitted to be paid hereunder) for each fiscal year of the Borrower (commencing with the fiscal year following the fiscal year in which the Closing Date occurs); and

(iv) 100% of net proceeds of issuance of debt obligations of the Borrower, provided, that such percentage shall be reduced based on achievement and maintenance of a test to be determined (either in the form of a leverage ratio or credit ratings).

All such amounts shall be applied, first, to the prepayment of the Term Loans until all the Term Loans have been repaid in full and, thereafter, to the permanent reduction of the Revolving Facility. Each such prepayment of the Term Loans shall be applied to the Tranche A Term Loans, the Tranche B Term Loans and the Tranche C Term Loans ratably and to the installments thereof ratably in accordance with the then outstanding amounts thereof and may not be reborrowed. Notwithstanding the foregoing, so long as any Tranche A Term Loans are outstanding, each holder of Tranche B Term Loans and Tranche C Term Loans shall have the individual right to refuse all or any portion of such prepayment allocable to its Tranche B Term Loans and Tranche C Term Loans, as the case may be, and the amount so refused will be applied

to prepay the Tranche A Term Loans. The Revolving Loans shall be prepaid to the extent they exceed the amount of the Revolving Facility.

Special Mandatory Prepayments:

(i) 100% of the outstanding amount of the Senior Secured Credit Facilities shall be prepaid and all commitments thereunder shall be terminated if a Change of Control (to be defined) shall occur; and

(ii) Net proceeds of indemnity payments received by the Borrower from the Seller in connection with Shared Special Indemnity Matters (as defined in the Stock Purchase Agreement) shall be applied pro rata to prepay the Revolving Loans then outstanding hereunder and revolving loans then outstanding under the Senior Revolving Facility, in each case without permanent reduction or termination of commitments thereunder.

IV. COLLATERAL

The obligations of the Borrower in respect of the Senior Secured Credit Facilities shall be secured by a perfected first priority security interest (subject to permitted liens to be agreed upon) in substantially all of the assets of the Borrower, including all issued and outstanding capital stock of PGE.

V. CERTAIN CONDITIONS

Initial Conditions:

The availability of the Senior Secured Credit Facilities shall be conditioned upon satisfaction of, among other things, the following conditions precedent (the date upon which all such conditions shall be satisfied, the "Closing Date"):

(a) The Borrower shall have executed and delivered satisfactory definitive financing and ancillary documentation with respect to the Financing (the "Credit Documentation") containing the terms set forth in the applicable Term Sheet and all conditions precedent thereunder shall have been satisfied.

(b) The PGE Acquisition shall have been consummated pursuant to the Stock Purchase Agreement, and no provision of thereof shall have been waived, amended, supplemented or otherwise modified in a manner that is adverse to the Borrower, PGE or the Lenders without the consent of the Arranger. The fees and expenses incurred

in connection with the Transaction and the financing thereof shall have been paid to the extent due.

(c) The Lenders, the Administrative Agent and the Arranger shall have received all fees required to be paid and all expenses for which invoices have been timely presented and are required to be paid on or before the Closing Date.

(d) All material governmental and third party approvals necessary in connection with the Transaction shall have been obtained and become final, shall be in full force and effect and shall be reasonably satisfactory to the Arranger.

(e) The Borrower shall have delivered (i) audited consolidated financial statements of PGE for the three most recent fiscal years ended prior to the Closing Date as to which such financial statements are available and (ii) unaudited interim consolidated financial statements of PGE for each quarterly period ended subsequent to the date of the latest financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements are available, and each of the foregoing which is delivered subsequent to the date of the Highly Confident Letter shall be satisfactory to the Arranger.

(f) The Borrower shall have delivered a pro forma consolidated balance sheet of the Borrower satisfactory to the Arranger as at the date of the most recent consolidated balance sheet delivered pursuant to the preceding paragraph, adjusted to give effect to the consummation of the Transaction as if it had occurred on such date.

(g) The Borrower shall have delivered projections satisfactory to the Arranger and based on reasonable assumptions through an agreed date.

(h) The Arranger shall have determined that no governmental entity (i) has taken prior to the Closing Date, or could reasonably be expected to take after the Closing Date, any action or (ii) has failed to take prior to the Closing Date, or could reasonably be expected to fail to take after the Closing Date, any requested action that, in any case, adversely affects the rates, rate plans or tariffs which PGE is authorized to charge to its customers, or creates a material liability for PGE, and that is not

reasonably satisfactory to the Arranger.

(i) There shall not exist any effective or threatened legal, regulatory or contractual restriction on the ability of PGE to make any distribution by means of a dividend to the Borrower except existing restrictions previously identified to the Arranger and subsequent restrictions that are reasonably satisfactory to the Arranger.

(j) The Lenders shall have received such legal opinions (including opinions (i) from counsel to the Borrower and its subsidiaries, and (ii) from such special and local counsel as may be reasonably required by the Arranger), documents and other instruments as are customary for transactions of this type or as they may reasonably request.

(k) The Borrower shall have obtained ratings for the Senior Secured Credit Facilities of at least BB from Standard & Poor's and Ba2 from Moody's, in each case without a negative outlook.

On-Going Conditions: The making of each extension of credit that increases the aggregate amount outstanding under the Senior Secured Credit Facilities shall be conditioned upon (a) the accuracy in all material respects of all representations and warranties in the Credit Documentation (including, without limitation, the material adverse change and litigation representations) and (b) there being no default or event of default in existence at the time of, or after giving effect to the making of, such extension of credit.

VI. CERTAIN DOCUMENTATION MATTERS

The Credit Documentation shall contain representations, warranties, covenants and events of default customary for financings of this type and other terms deemed appropriate by the Lenders (with such materiality qualifiers, baskets, grace periods and similar provisions as shall be set forth therein), including, without limitation:

Representations and Warranties: Financial statements (including pro forma financial statements); absence of undisclosed liabilities; no material adverse change; corporate existence; compliance with law; corporate power and authority; enforceability of Credit Documentation; no conflict with law or contractual obligations; no material litigation; no default; ownership

	of property; liens; intellectual property; no burdensome restrictions; taxes; Federal Reserve regulations; ERISA; PUHCA; Investment Company Act; subsidiaries; environmental matters; solvency; accuracy of disclosure; and creation and perfection of security interests.
Affirmative Covenants:	Delivery of financial statements, reports, accountants' letters, annual budgets, officers' certificates and other information reasonably requested by the Lenders; payment of other obligations; continuation of business and maintenance of existence and material rights and privileges; compliance with laws and material contractual obligations; maintenance of property and insurance; maintenance of books and records; right of the Lenders to inspect property and books and records; notices of defaults, litigation and other material events; compliance with environmental laws; further assurances (including, without limitation, with respect to security interests in after-acquired capital stock); maintain credit ratings; and agreement to obtain after the Closing Date interest rate protection for a percentage of the Borrower's long term indebtedness and on terms and conditions to be agreed upon.
Financial Covenants:	(a) Interest Coverage; (b) Leverage; and (c) Fixed Charge Coverage (such defined terms to be agreed upon).
Negative Covenants:	Limitations on: indebtedness, including guarantee obligations, and preferred stock; liens; mergers, consolidations, liquidations and dissolutions; sales of assets; issuance of capital stock of subsidiaries to third parties; leases; dividends; payments (other than dividends) in respect of capital stock; investments, loans and advances; payments and modifications of debt instruments; transactions with affiliates; sale and leasebacks; changes in fiscal year; negative pledge clauses and clauses restricting subsidiary distributions; changes in lines of business; and changes in passive holding company status of the Borrower.
Events of Default:	Nonpayment of principal, interest, fees or other amounts; inaccuracy of representations and warranties; violation of covenants; cross default; bankruptcy events; certain ERISA events; judgments defaults; and invalidity of security arrangements.

Voting:	Amendments and waivers with respect to the Credit Documentation shall require the approval of Lenders holding not less than a majority of the aggregate amount of the Term Loans, Revolving Loans and unused commitments under the Senior Secured Credit Facilities, except that (a) the consent of each Lender directly affected thereby shall be required with respect to (i) reductions in the amount or extensions of the scheduled date of amortization or final maturity of any Loan, (ii) reductions in the rate of interest or any fee or extensions of any due date thereof and (iii) increases in the amount or extensions of the expiry date of any Lender's commitment and (b) the consent of 100% of the Lenders shall be required with respect to (i) modifications to any of the voting percentages and (ii) releases of all or substantially all of the collateral. In addition, "class" voting requirements will apply to modifications affecting certain matters.
Assignments and Participations:	The Lenders shall be permitted to assign and sell participations in their Loans and commitments, subject, in the case of assignments (other than to another Lender or to an affiliate of a Lender), to the consent of the Administrative Agent (which consent shall not be unreasonably withheld). Non-pro rata assignments shall be permitted. In the case of partial assignments (other than to another Lender or to an affiliate of a Lender), the minimum assignment amount shall be in the amount to be agreed upon, unless otherwise agreed by the Administrative Agent. Participants shall have the same benefits as the Lenders with respect to yield protection and increased cost provisions, so long as Borrower's obligations are not increased as a result thereof. Voting rights of participants shall be limited to certain matters with respect to which the affirmative vote of the Lender from which it purchased its participation would be required as described under "Voting" above. Pledges of Loans in accordance with applicable law shall be permitted without restriction.
Yield Protection:	The Credit Documentation shall contain customary provisions (a) protecting the Lenders against increased costs or loss of yield resulting from changes in reserve, tax (excluding Lender income taxes), capital adequacy and other requirements of law and from the imposition of new, or changes in, withholding or other taxes and (b) indemnifying the Lenders for "breakage costs" incurred in connection with, among other things, any prepayment of a

	Eurodollar Loan (as defined in Annex I) on a day other than the last day of an interest period with respect thereto.
Expenses and Indemnification:	The Borrower shall pay (a) all reasonable and documented out-of-pocket expenses of the Administrative Agent and the Arranger associated with the syndication of the Senior Secured Credit Facilities and the preparation, execution, delivery and administration of the Credit Documentation and any amendment or waiver with respect thereto (including the reasonable and documented fees, disbursements and other charges of counsel) and (b) all out-of-pocket expenses of the Administrative Agent, the Arranger and the Lenders (including the fees, disbursements and other charges of counsel) in connection with the enforcement of the Credit Documentation. The Administrative Agent, the Arranger and the Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any losses, claims, damages, liabilities or expenses incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof, except to the extent they are found by a final, non-appealable judgment of a court to arise from the gross negligence or willful misconduct of the indemnified party.
Governing Law and Forum:	State of New York.
Counsel to the Arranger:	Dewey Ballantine LLP.

Annex I

INTEREST AND CERTAIN FEES

Interest Rate Options:

The Borrower may elect that the Loans comprising each borrowing bear interest at a rate per annum equal to (i) the Eurodollar Rate plus the Applicable Margin which in the case of (a) Tranche A Term Loans shall be equal to 2.00% or lower; (b) Tranche B Term Loans shall be equal to 2.25% or lower, (c) Tranche C Term Loans shall be equal to 2.50% or lower, and (d) Revolving Loans shall be equal to 1.75% or lower, or (ii) the ABR plus the Applicable Margin which in the case of (a) Tranche A Term Loans shall be equal to 1.00% or lower; (b) Tranche B Term Loans shall be equal to 1.25% or lower, (c) Tranche C Term Loans shall be equal to 1.50% or lower, and (d) Revolving Loans shall be equal to 0.75% or lower.

As used herein:

"Eurodollar Rate" means the rate (adjusted for statutory reserve requirements for eurocurrency liabilities) for eurodollar deposits for a period equal to one, two, three or six months (as selected by the Borrower) determined by the Administrative Agent by reference to the British Bankers' Association Interest Settlement Rates for deposits in dollars.

"ABR" means the higher of (i) the rate of interest publicly announced by the Administrative Agent as its prime rate in effect at its principal office in New York City (the "Prime Rate") and (ii) the federal funds effective rate from time to time plus 0.50%.

Interest Payment Dates:

In the case of Loans bearing interest based upon the Eurodollar Rate ("Eurodollar Loans"), on the last day of each relevant interest period and, in the case of any interest period longer than three months, on each successive date three months after the first day of such interest period.

In the case of Loans bearing interest based upon the ABR ("ABR Loans"), quarterly in arrears.

Commitment Fees:

The Borrower shall pay a commitment fee calculated at the rate per annum equal to 0.50% on the average daily

	unused portion of the Revolving Facility, accruing from the Closing Date and payable quarterly in arrears.
Default Rate:	At any time when the Borrower is in default in the payment of any amount of principal due under the Senior Secured Credit Facilities, such amount shall bear interest at 2% above the rate otherwise applicable thereto. Overdue interest, fees and other amounts shall bear interest at 2% above the rate applicable to ABR Loans.
Rate and Fee Basis:	All per annum rates shall be calculated on the basis of a year of 360 days (or 365/366 days, in the case of ABR Loans the interest rate payable on which is then based on the Prime Rate) for actual days elapsed.

Exhibit B

THIS SUMMARY OF ILLUSTRATIVE PRELIMINARY TERMS AND CONDITIONS AS OF NOVEMBER 18, 2003 IS FOR ILLUSTRATION PURPOSES ONLY AND IS NOT INTENDED TO BE, AND SHALL NOT CONSTITUTE, A COMMITMENT OR UNDERTAKING BY CSFB (AS DEFINED BELOW) (OR ANY OF ITS AFFILIATES) TO ARRANGE, SYNDICATE OR PROVIDE ALL OR PART OF THE SENIOR REVOLVING FACILITY (AS DEFINED BELOW) ON THE TERMS AND CONDITIONS SET FORTH HEREIN OR ANY OTHER TYPE OF FINANCING.

SENIOR REVOLVING FACILITY
Summary of Illustrative Preliminary Terms and Conditions
as of November 18, 2003

Oregon Electric Utility Company, LLC ("Holdco") has been formed by TPG Partners III, L.P. and TPG Partners IV, L.P. (collectively, "TPG") to effect the acquisition (the "PGE Acquisition") of Portland General Electric Company ("PGE") from Enron Corp. (the "Seller") for an aggregate purchase price of $1,250,000,000 (plus amounts to be paid, if any, pursuant to applicable purchase price adjustments) as set forth in the Stock Purchase Agreement, dated as of November 18, 2003, by and between Holdco and the Seller (the "Stock Purchase Agreement"). In connection with the formation of Holdco, TPG shall make a capital contribution (in cash) to the common equity of Holdco of approximately $500,000,000.

In connection with the PGE Acquisition and the refinancing of certain indebtedness of PGE, gross cash proceeds of approximately $1,150,000,000 will be raised from financing comprised of senior secured term loan facilities aggregating approximately $400,000,000 and a senior secured revolving credit facility of approximately $100,000,000 for Holdco (together, the "Senior Secured Credit Facilities"), an approximately $250,000,000 revolving credit facility for PGE as such financing described herein (the "Senior Revolving Facility" and together with the Senior Secured Credit Facilities, the "Credit Facilities") and the issuance by Holdco of approximately $400,000,000 aggregate principal amount of senior unsecured notes (the "Notes").

The PGE Acquisition, the entering into and borrowings under the Credit Facilities, the issuance of the Notes and the other transactions entered into and consummated in connection with the PGE Acquisition are herein referred to as the "Transactions". Certain capitalized terms used herein are defined in the Highly Confident Letter dated November 18, 2003 addressed to TPG from Credit Suisse First Boston LLC (the "Highly Confident Letter").

I. PARTIES

Borrower:	PGE (the "Borrower").
Guarantors:	Each of the Borrower's direct and indirect domestic material subsidiaries (the "Guarantors"; the Borrower and the Guarantors, collectively, the "Loan Parties").
Sole Lead Arranger and Bookrunner:	Credit Suisse First Boston ("CSFB," and in such capacity, the "Arranger").
Administrative Agent:	CSFB (in such capacity, the "Administrative Agent").
Syndication Agent:	A bank to be named satisfactory to the Arranger (in such capacity, the "Syndication Agent").
Co-Documentation Agents:	To be determined.
Lenders:	A syndicate of banks, financial institutions and other entities arranged by the Arranger (collectively, the "Lenders").

II. TYPE AND AMOUNT OF SENIOR REVOLVING FACILITY

Type and Amount:	Three-year revolving credit facility (the "Senior Revolving Facility") in the amount of approximately $250,000,000 (the loans thereunder, the "Revolving Loans" or "Loans").
Letters of Credit:	A portion of the Senior Revolving Facility not in excess of an amount to be determined shall be available for the issuance of letters of credit (the "Letters of Credit") by the Administrative Agent (in such capacity, the "Issuing Lender"). No Letter of Credit shall have an expiration date after the earlier of (a) one year after the date of issuance and (b) five business days prior to the Revolving Termination Date (as defined below), provided that any Letter of Credit with a one-year tenor may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (b) above). Drawings under any Letter of Credit shall be reimbursed by the Borrower (whether with its own funds or with the proceeds of Revolving Loans) on the same business day. To the extent that the Borrower does not so reimburse the Issuing Lender, the Lenders under the Senior Revolving Facility shall be irrevocably and unconditionally obligated

	to reimburse the Issuing Lender on a pro rata basis.
Availability:	The Senior Revolving Facility shall be available on a revolving basis during the period commencing on the Closing Date and ending on the third anniversary thereof (the "Revolving Termination Date").
Swingline Loans:	A portion of the Senior Revolving Facility not in excess of an amount to be determined shall be available for swingline loans (the "Swingline Loans") from the Administrative Agent (in such capacity, the "Swingline Lender") on same-day notice. Any such Swingline Loans will reduce availability under the Senior Revolving Facility on a dollar-for-dollar basis. Each Lender under the Senior Revolving Facility shall acquire, under certain circumstances, an irrevocable and unconditional pro rata participation in each Swingline Loan.
Competitive Loans:	The Borrower shall have the option to request that the Lenders bid for loans ("Competitive Loans") bearing interest at an absolute rate or a margin over the eurodollar rate, with specified maturities ranging from 7 to 360 days. Each Lender shall have the right, but not the obligation, to submit bids at its discretion. The Borrower shall specify the proposed date of borrowing, the interest period, the amount of the Competitive Loan and the maturity date thereof, the interest rate basis to be used by the Lenders in bidding and such other terms as the Borrower may specify. The Administrative Agent shall advise the Lenders of the terms of the Borrower's notice, and, subject to acceptance by the Borrower, bids shall be allocated to each Lender in ascending order from the lowest bid to the highest bid acceptable to the Borrower. While Competitive Loans are outstanding, the available commitments under the Senior Revolving Facility shall be reduced by the aggregate amount of such Competitive Loans.
Maturity:	The Revolving Termination Date.
Purpose:	The proceeds of the Revolving Loans shall be used for general corporate purposes of the Borrower and its subsidiaries.
Clean-down:	Clean-down to be agreed upon.

III. CERTAIN PAYMENT PROVISIONS

Fees and Interest Rates:	As set forth on Annex I.
Optional Prepayments and Commitment Reductions:	Loans may be prepaid and commitments may be reduced by the Borrower in minimum amounts to be agreed upon, provided, that Competitive Loans may not be prepaid without the consent of the relevant Lender.
Special Mandatory Prepayments:	Net proceeds of indemnity payments received by Holdco from the Seller in connection with Shared Special Indemnity Matters (as defined in the Stock Purchase Agreement) shall be applied pro rata to prepay the Revolving Loans then outstanding hereunder and revolving loans then outstanding under the Senior Secured Credit Facilities, in each case, without permanent reduction or termination of commitments thereunder.

IV. CERTAIN CONDITIONS

Initial Conditions: The availability of the Senior Revolving Facility shall be conditioned upon satisfaction of, among other things, the following conditions precedent (the date upon which all such conditions shall be satisfied, the "Closing Date"):

(a) Each Loan Party and Holdco shall have executed and delivered satisfactory definitive financing and ancillary documentation with respect to the Financing (the "Credit Documentation") containing the terms set forth in the applicable Term Sheet and all conditions precedent thereunder shall have been satisfied.

(b) The PGE Acquisition shall have been consummated pursuant to the Stock Purchase Agreement, and no provision thereof shall have been waived, amended, supplemented or otherwise modified in a manner that is adverse to the Borrower, Holdco, or the Lenders without the consent of the Arranger. The fees and expenses incurred in connection with the Transaction and the financing thereof shall have been paid to the extent due.

(c) The Lenders, the Administrative Agent and the Arranger shall have received all fees required to be paid, and all expenses for which invoices have been timely presented and are required to be paid, on or before the Closing Date.

(d) All material governmental and third party approvals necessary in connection with the Transaction shall have been obtained and become final, shall be in full force and effect and shall be reasonably satisfactory to the Arranger.

(e) The Borrower shall have delivered (i) audited consolidated financial statements of the Borrower for the three most recent fiscal years ended prior to the Closing Date as to which such financial statements are available and (ii) unaudited interim consolidated financial statements of the Borrower for each quarterly period ended subsequent to the date of the latest financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements are available, and each of the foregoing which is delivered subsequent to the date of the Highly Confident Letter shall be satisfactory to the Arranger.

(f) The Borrower shall have delivered a pro forma consolidated balance sheet of the Borrower satisfactory to the Arranger as at the date of the most recent consolidated balance sheet delivered pursuant to the preceding paragraph, adjusted to give effect to the consummation of the Transaction as if it had occurred on such date.

(g) The Borrower shall have delivered projections satisfactory to the Arranger and based on reasonable assumptions through an agreed date.

(h) The Lenders shall have received such legal opinions (including opinions (i) from counsel to the Borrower and its subsidiaries and (ii) from such special and local counsel as may be reasonably required by the Arranger), documents and other instruments as are customary for transactions of this type or as they may reasonably request.

(i) The Borrower shall have obtained ratings for the Senior Revolving Facility of at least BBB- from Standard & Poor's and Baa3 from Moody's, in each case without a negative outlook.

On-Going Conditions:

The making of each extension of credit that increases the aggregate amount outstanding under the Senior Revolving Facility shall be conditioned upon (a) the accuracy in all material respects of all representations and warranties in the Credit Documentation (including, without limitation,

	the material adverse change and litigation representations) and (b) there being no default or event of default in existence at the time of, or after giving effect to the making of, such extension of credit.

CERTAIN DOCUMENTATION MATTERS

	The Credit Documentation shall contain representations, warranties, covenants and events of default customary for financings of this type and other terms deemed appropriate by the Lenders (with such materiality qualifiers, baskets, grace periods and similar provisions as shall be set forth therein), including, without limitation:
Representations and Warranties:	Financial statements (including pro forma financial statements); absence of undisclosed liabilities; no material adverse change; corporate existence; compliance with law; corporate power and authority; enforceability of Credit Documentation; no conflict with law or contractual obligations; no material litigation; no default; ownership of property; liens; intellectual property; no burdensome restrictions; taxes; Federal Reserve regulations; ERISA; PUHCA; Investment Company Act; subsidiaries; environmental matters; and accuracy of disclosure.
Affirmative Covenants:	Delivery of financial statements, reports, accountants' letters, annual budgets, officers' certificates and other information requested by the Lenders; payment of taxes and other obligations; continuation of business and maintenance of existence and material rights and privileges; compliance with laws and material contractual obligations; maintenance of property and insurance; maintenance of books and records; right of the Lenders to inspect property and books and records; notices of defaults, litigation and other material events; compliance with environmental laws; maintenance of credit ratings; and further assurances.
Financial Covenants:	(a) Debt to Capitalization, (b) Interest Coverage, and (c) Minimum Net Worth (such defined terms to be agreed upon).
Negative Covenants:	Limitations on: indebtedness, including guarantee obligations, and preferred stock; liens; mergers, consolidations, liquidations and dissolutions; sales of assets; leases; dividends on, and redemption and repurchases of, capital stock; capital expenditures;

	investments, loans and advances; transactions with affiliates; sale and leasebacks; changes in fiscal year; and changes in lines of business.
Events of Default:	Nonpayment of principal, interest, fees or other amounts; inaccuracy of representations and warranties; violation of covenants); cross default; bankruptcy events; certain ERISA events; judgments defaults; and invalidity of any guarantee.
Voting:	Amendments and waivers with respect to the Credit Documentation shall require the approval of Lenders holding not less than a majority of the aggregate amount of the Revolving Loans, participations in Letters of Credit and Swingline Loans and unused commitments under the Senior Revolving Facility, except that (a) the consent of each Lender directly affected thereby shall be required with respect to (i) reductions in the amount or extensions of the scheduled date of amortization or final maturity of any Loan, (ii) reductions in the rate of interest or any fee or extensions of any due date thereof and (iii) increases in the amount or extensions of the expiry date of any Lender's commitment and (b) the consent of 100% of the Lenders shall be required with respect to (i) modifications to any of the voting percentages and (ii) releases of all or substantially all of the Guarantors.
Assignments and Participations:	The Lenders shall be permitted to assign and sell participations in their Loans and commitments, subject, in the case of assignments (other than to another Lender or to an affiliate of a Lender), to the consent of the Administrative Agent (which consent shall not be unreasonably withheld). In the case of partial assignments (other than to another Lender or to an affiliate of a Lender), the minimum assignment amount shall be in the amount to be agreed upon, unless otherwise agreed by the Administrative Agent. Participants shall have the same benefits as the Lenders with respect to yield protection and increased cost provisions, so long as Borrower's obligations are not increased as a result thereof. Voting rights of participants shall be limited to certain matters with respect to which the affirmative vote of the Lender from which it purchased its participation would be required as described under "Voting" above. Pledges of Loans in accordance with applicable law shall be permitted without restriction.

Yield Protection:	The Credit Documentation shall contain customary provisions (a) protecting the Lenders against increased costs or loss of yield resulting from changes in reserve, tax (excluding Lender income taxes), capital adequacy and other requirements of law and from the imposition of new, or changes in, withholding or other taxes and (b) indemnifying the Lenders for "breakage costs" incurred in connection with, among other things, any prepayment of a Eurodollar Loan (as defined in Annex I) on a day other than the last day of an interest period with respect thereto and any prepayment of a Competitive Loan.
Expenses and Indemnification:	The Borrower shall pay (a) all reasonable and documented out-of-pocket expenses of the Administrative Agent and the Arranger associated with the syndication of the Senior Revolving Facility and the preparation, execution, delivery and administration of the Credit Documentation and any amendment or waiver with respect thereto (including the reasonable and documented fees, disbursements and other charges of counsel) and (b) all out-of-pocket expenses of the Administrative Agent, the Arranger and the Lenders (including the fees, disbursements and other charges of counsel) in connection with the enforcement of the Credit Documentation. The Administrative Agent, the Arranger and the Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any losses, claims, damages, liabilities or expenses incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof, except to the extent they are found by a final, non-appealable judgment of a court to arise from the gross negligence or willful misconduct of the indemnified party.
Governing Law and Forum:	State of New York.
Counsel to the Arranger:	Dewey Ballantine LLP.

Annex I

INTEREST AND CERTAIN FEES

Interest Rate Options:	The Borrower may elect that the Loans (other than Competitive Loans) comprising each borrowing bear interest at a rate per annum equal to (i) the Eurodollar Rate plus the Applicable Margin of 1.75% or (ii) the ABR plus the Applicable Margin of 0.75%; provided, that all Swingline Loans shall bear interest based upon the ABR.
As used herein:	"Eurodollar Rate" means the rate (adjusted for statutory reserve requirements for eurocurrency liabilities) for eurodollar deposits for a period equal to one, two, three or six months (as selected by the Borrower) determined by the Administrative Agent by reference to the British Bankers' Association Interest Settlement Rates for deposits in dollars.
	"ABR" means the higher of (i) the rate of interest publicly announced by the Administrative Agent as its prime rate in effect at its principal office in New York City (the "Prime Rate") and (ii) the federal funds effective rate from time to time plus 0.50%.
Interest Payment Dates:	In the case of Loans bearing interest based upon the Eurodollar Rate ("Eurodollar Loans"), on the last day of each relevant interest period and, in the case of any interest period longer than three months, on each successive date three months after the first day of such interest period.
	In the case of Loans bearing interest based upon the ABR ("ABR Loans"), quarterly in arrears.
Commitment Fees:	The Borrower shall pay a commitment fee calculated at the rate of 0.50% per annum on the average daily unused portion of the Senior Revolving Facility, accruing from the Closing Date and payable quarterly in arrears.
Letter of Credit Fees:	The Borrower shall pay a fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Margin then in effect with respect to Eurodollar Loans under the Senior Revolving Facility on the face amount of each such Letter of Credit. Such fee shall be shared ratably among

	the Lenders participating in the Senior Revolving Facility and shall be payable quarterly in arrears.
	A fronting fee equal to 0.25% per annum on the face amount of each Letter of Credit shall be payable quarterly in arrears to the Issuing Lender for its own account. In addition, customary administrative, issuance, amendment, payment and negotiation charges shall be payable to the Issuing Lender for its own account.
Default Rate:	At any time when the Borrower is in default in the payment of any amount of principal due under the Senior Revolving Facility, such amount shall bear interest at 2% above the rate otherwise applicable thereto. Overdue interest, fees and other amounts shall bear interest at 2% above the rate applicable to ABR Loans.
Rate and Fee Basis:	All per annum rates shall be calculated on the basis of a year of 360 days (or 365/366 days, in the case of ABR Loans the interest rate payable on which is then based on the Prime Rate) for actual days elapsed.

THIS SUMMARY OF ILLUSTRATIVE PRELIMINARY TERMS AS OF NOVEMBER 18, 2003 IS FOR ILLUSTRATION PURPOSES ONLY AND IS NOT INTENDED TO BE, AND SHALL NOT CONSTITUTE, A COMMITMENT OR UNDERTAKING BY CREDIT SUISSE FIRST BOSTON LLC (OR ANY OF ITS AFFILIATES) TO ACT AS UNDERWRITER, INITIAL PURCHASER OR PLACEMENT AGENT OR OTHERWISE PARTICIPATE IN THE OFFERING (AS DEFINED BELOW) ON A PRINCIPAL OR AGENCY BASIS OR OTHERWISE ON THE TERMS SET FORTH HEREIN.

8% Senior Notes due 20[__]
Summary of Illustrative Preliminary Terms
as of November 18, 2003

Oregon Electric Utility Company, LLC ("Holdco") has been formed by TPG Partners III, L.P. and TPG Partners IV, L.P. (collectively, "TPG") to effect the acquisition (the "PGE Acquisition") of Portland General Electric Company ("PGE") from Enron Corp. (the "Seller") for an aggregate purchase price of $1,250,000,000 (plus amounts to be paid, if any, pursuant to applicable purchase price adjustments) as set forth in the Stock Purchase Agreement, dated as of November 18, 2003, by and between Holdco and the Seller (the "Stock Purchase Agreement"). In connection with the formation of Holdco, TPG shall make a capital contribution (in cash) to the common equity of Holdco of approximately $500,000,000.

In connection with the PGE Acquisition and the refinancing of certain indebtedness of PGE, gross cash proceeds of approximately $1,150,000,000 will be raised from financing comprised of senior secured term loan facilities aggregating approximately $400,000,000 and a senior secured revolving credit facility of approximately $100,000,000 for Holdco (together, the "Senior Secured Credit Facilities"), an approximately $250,000,000 revolving credit facility for PGE (the "Senior Revolving Facility" and together with the Senior Secured Credit Facilities, the "Credit Facilities") and the issuance by Holdco of the Notes described herein (the "Offering").

The PGE Acquisition, the entering into and borrowings under the Credit Facilities, the issuance of the Notes and the other transactions entered into and consummated in connection with the PGE Acquisition are herein referred to as the "Transactions".

Issuer:	Oregon Electric Utility Company, LLC ("Holdco")
Notes Offered:	Up to $400 million aggregate principal amount of 8% Senior Notes, due 20[__] (the "Notes").
Interest Rate:	8.00%.
Indicative Rating:	B1/B+
Maturity:	Not less than 10 years following the issuance of the Notes.

Use of Proceeds:	The proceeds from the Offering will be used to finance a portion of the PGE Acquisition and related fees and expenses.
The Offering:	The Notes will be sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act and will be represented by global certificates deposited with, or on behalf, of the Depository Trust Company ("DTC") or its nominee. Notes sold in reliance on Regulation S under the Securities Act will be represented by separate global certificates deposited with, or on behalf of, DTC or its nominee.
Registration Rights:	Holdco will file an exchange offer registration statement under the Securities Act for the purpose of enabling holders of the Notes to exchange Notes for publicly registered Notes with substantially identical terms. Holdco will use its reasonable best efforts to cause the registration statement to become effective and to consummate the exchange offer. If it fails to satisfy these obligations, Holdco will pay additional interest to holders of the Notes under certain circumstances.
Ranking; Security:	The Notes will be senior unsecured obligations and will rank equally in right of payment with all of Holdco's other existing and future senior unsecured indebtedness and senior in right of payment to all of Holdco's existing and future subordinated indebtedness.
Optional Redemption:	Holdco may redeem all or any portion of the Notes beginning five (5) years after the date of issuance. The redemption price will decline ratably in each year thereafter to par. In addition, for three (3) years following the date of issuance, Holdco may redeem up to 35% of the aggregate principal amount of the Notes with the proceeds of one or more public equity offerings at a purchase price equal to the sum of 100% of the principal amount of the Notes plus the interest rate carried by the Notes, plus accrued interest.

Change of Control:	Upon the occurrence of certain change of control events (i) each holder of the Notes may require Holdco to repurchase all or a portion of such holder's Notes at a purchase price of 101% of principal amount plus accrued interest, if any, to the date of purchase and (ii) Holdco may elect to repurchase all or a portion of the Notes at a purchase price equal to the greater of (A) 100% of the principal amount of the Notes and (B) the present value of the remaining principal and interest on the Notes, calculated using a discount rate equal to the U.S. Treasury rate on the date of purchase plus 50 basis points, plus accrued interest, if any, to the date of purchase.
Certain Covenants:	The indenture will contain covenants that restrict Holdco and its restricted subsidiaries from engaging in certain activities. The covenants will be subject to certain customary exceptions. The covenants will include, without limitation, limitations on indebtedness, restricted payments, restrictions on distributions from restricted subsidiaries, sales of assets and subsidiary stock, affiliate transactions, the sale or issuance of capital stock of restricted subsidiaries, liens, sale and leaseback transactions, consolidations and mergers and business activities.
Covenant Removal:	During any period of time that (i) the Notes maintain specified rating levels and (ii) no event of default shall have occurred and be continuing, Holdco and the restricted subsidiaries will not be subject to certain of the covenants described above.
Events of Default:	Events of default will include nonpayment of principal when due at maturity, upon optional redemption, upon required purchase, upon declaration of acceleration or otherwise; nonpayment of interest continued for 30 days; violation of covenants for 30 days after notice; violation of any other agreements or obligations in the indenture for 60 days after notice; cross-acceleration with specified indebtedness; judgment defaults; and certain events of bankruptcy, insolvency or reorganization.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company

EXHIBIT 20

CAPITALIZATION OF OREGON ELECTRIC AND PGE; SOURCES AND USES OF PROPOSED TRANSACTION

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EXHIBIT 20

Estimated Capitalization – Portland General Electric

(dollars in millions)

	Estimated At Closing [1]	% of Total Capitalization	Estimated 12 Months Post Closing	% of Total Capitalization
Cash [2]	$10		$10	
Revolver [3]	-		-	
First Mortgage Bonds	600		680	
Pollution Control Bonds	194		194	
Other Debt [4]	250		222	
Total Debt	**1,044**		**1,096**	
Preferred Stock	22		19	
Total Debt & Preferred Stock	1,066	51%	1,115	51%
Shareholders' Equity	1,040	49%	1,092	49%
Total Capitalization	**$2,107**	**100%**	**$2,207**	**100%**

[1] For illustrative purposes, closing is estimated to be on December 31, 2004. Proposed transaction is expected to have no impact on PGE's capital structure. Estimates for 2004 based on management guidance.

[2] Assumes cash in excess of $10 million will be dividended to Oregon Electric and used to fund the transaction.

[3] Oregon Electric's plan is to establish a new $250 million revolver at PGE which will be available at closing but is expected to be undrawn.

[4] Represents short term debt, long term debt due within one year, conservation bonds, QUIDS and other long term debt.

Estimated Capitalization – Oregon Electric

(dollars in millions)

	Estimated At Closing [1]	% of Total Capitalization	Estimated 12 Months Post Closing	% of Total Capitalization
Cash	-		-	
Revolver [2]	-		-	
Term Loans [3]	582		579	
Senior Notes [3]	125		125	
Total Debt	**707**		**704**	
Total Debt	707	57%	704	56%
Shareholders' Equity [4]	525	43%	550	44%
Total Capitalization	**$1,232**	**100%**	**$1,253**	**100%**

[1] For illustrative purposes, closing is estimated to be on December 31, 2004.

[2] A new $100 million revolver will be available but is expected to be undrawn at closing.

[3] Precise allocation between Term Loans and Senior Notes is illustrative and may change at time financing is executed. Senior Notes issuance will likely range from $100 million to $200 million.

[4] Shareholders' equity at closing unadjusted for transaction fees and expenses.

Estimated Transaction Sources and Uses at Closing [(1)]

(dollars in millions)

Uses		**Sources**	
Base Purchase Price	$1,250	PGE Dividend	$239
Estimated Purchase Price Adjustment [(2)]	151	Oregon Electric Debt	707
Transaction Fees and Expenses	70	Oregon Electric Equity	525
Total Uses	**$1,471**	**Total Sources**	**$1,471**

(1) For illustrative purposes, closing is estimated to be on December 31, 2004.

(2) Purchase price adjustment includes estimated PGE earnings from January 1, 2003 to closing.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1121

In the Matter of the Application of OREGON ELECTRIC UTILITY COMPANY, LLC, TPG PARTNERS III, L.P., TPG PARTNERS IV, L.P., MANAGING MEMBER LLC, NEIL GOLDSCHMIDT, GERALD GRINSTEIN, and TOM WALSH for an Order Authorizing Oregon Electric Utility Company, LLC to Acquire Portland General Electric Company

EXHIBIT 21

PROPOSED PGE BOARD STRUCTURE

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Proposed PGE Board Structure

Oregon Electric Utility Company, LLC

↓

PGE Board of Directors

(10-14 Members)

Neil Goldschmidt, Chair

Tom Walsh

Gerald Grinstein

David Bonderman

Kelvin Davis

Peggy Fowler, PGE CEO

Experienced Energy Industry and Business Executives

Additional Oregonians

↓

PGE