

August 2, 1999 Stipulation - Attachment No. 1
Scottish Power/PacifiCorp (Proposed Treatment of Merger Related Costs)

SCOTTISH POWER/PACIFICORP - PROPOSED TREATMENT OF MERGER RELATED COSTS					
Cost Item	\$	Above the Line	Below the Line	Ref.	Comment
Goodwill	1,800m (£1124.7m)		X	SP Listing Particulars page 107	Goodwill represents the difference between the purchase price and fair value of the net assets of PacifiCorp. Goodwill is sometimes referred to as the acquisition adjustment for accounting purposes. The calculation of goodwill varies with fluctuations in ScottishPower share price.
Acquisition Costs					
1)Share Issues Costs	104m (£65m)		X	SP Listing Particulars pages 107 & 145	This is an estimate only. However, all such costs incurred directly in completing the acquisition will be charged below the line.
2)Preferred Stock Redemption	26m (£15m)		X		
3)Investment, legal, accounting, etc.	109m		X		
Total Acquisition Cost	239m		X		
Preferred Stockholder Merger Approval Payments	2.5m (maximum)		X	PC Proxy Statement page 138	Special payments made to preferred Stockholders of 1% to obtain merger approval.
Payments to Directors	0.4m		X	SP Listing Particulars page 166	\$50,000 payment made to non-executive directors.
Change in Control					
1)Enhanced Executive Severance	8.3m (maximum)		X	SP Listing Particulars page 163-165	Only enhanced payments resulting from the application of change in control conditions are included. To the extent that a net benefit in costs going forward can be demonstrated then such costs will be treated above the line. Final change in control costs can only be determined 24 months after closure. Numbers quoted are upper limit amounts if all eligible employees receive maximum amounts due. They include payments due to two executives who have already retired. There is no material cost associated with PacifiCorp employee stock option provisions.
2)PacifiCorp Stock Plans	minimal cost		X		
3)Supplemental Executive Retirement Plan (SERP)	2.6m		X		
Retention Incentive Payments	7m (maximum)		X	SP Listing Particulars page 166, WIEC 3.5	Payments to retain key employees during period prior to merger completion.

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Bonus Pool - Merger related portion	Not known		X	SP Listing Particulars page 166	To the extent that any such payments are made in connection with “extraordinary efforts” to accomplish the successful completion of the merger only. No quantification of this portion can be determined at this time.
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