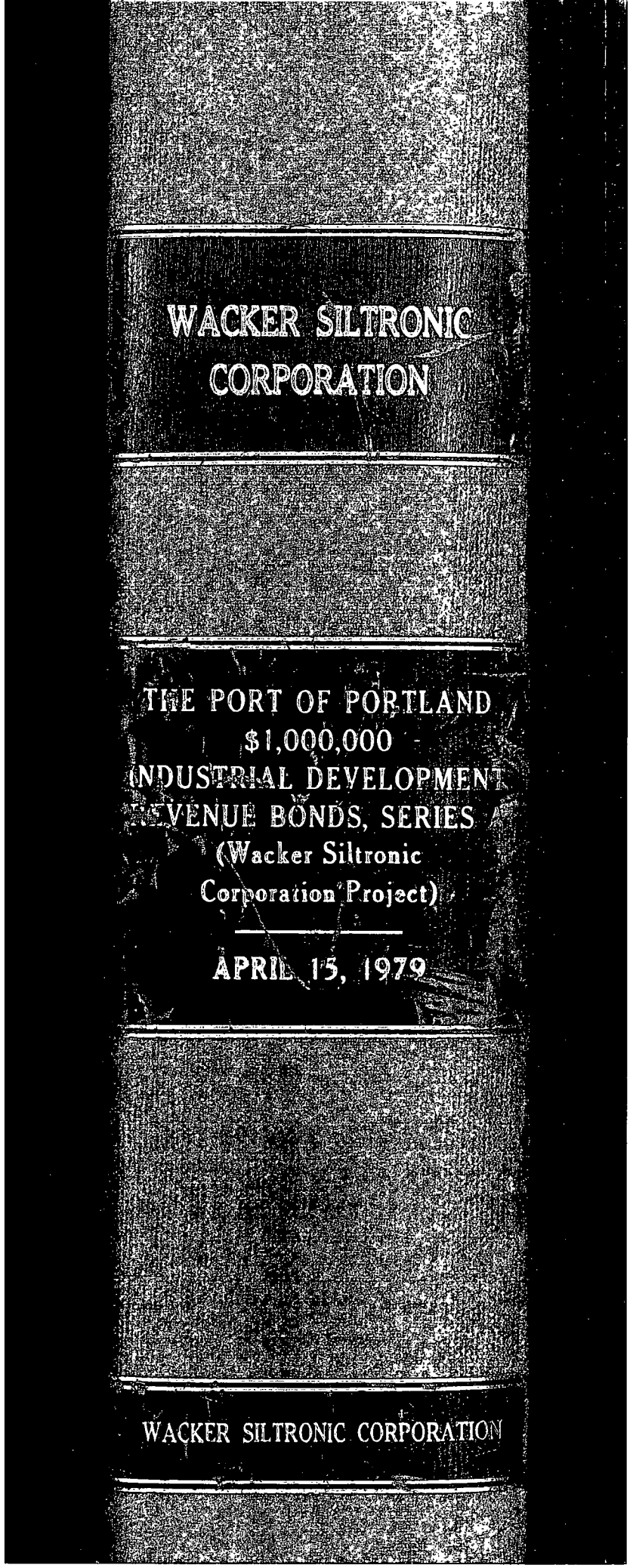

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INDEX

(1)

LIST OF CLOSING DOCUMENTS

THE PORT OF PORTLAND

$1,000,000

INDUSTRIAL DEVELOPMENT REVENUE BONDS, SERIES A

(WACKER SILTRONIC CORPORATION PROJECT)

I. THE PORT OF PORTLAND

1.1. Certificate of Assistant Secretary of the Port with respect to:

(i) The By-laws of the Port.

(ii) Resolution adopted by the Port on May 24, 1978.

(iii) Ordinance No. 246 enacted by the Port on March 14, 1979.

1.2. Affidavit of publication of notice of intent to enact Ordinance No. 246.

1.3. Affidavit of publication of summary of Ordinance No. 246.

1.4. Memorandum of Agreement between the Port and Wacker Siltronic.

1.5. Installment Sale Agreement between the Port and Wacker Siltronic dated as of April 15, 1979.

1.6. Deed of real estate from Wacker Siltronic to Port.

1.7. Title Insurance required by Section 3.2 of the Installment Sale Agreement.

1.8. Bond Purchase Agreement.

1.9. Agency Agreement.

1.10. Financing Statements.

1.11. Certificate as to incumbency and other matters required by Section 2.3(f)(iv) of the Bond Purchase Agreement.

1.12. Certificate requesting Trustee to authenticate and deliver the Bonds.

1.13. Certificate as to delivery of and payment for the Bonds.

1.14. Specimens of registered Bonds certified by the Assistant Secretary of the Port.

1.15. Certificate as to Arbitrage, including Certificate of Wacker Siltronic relied upon by the Port.

1.16. Deed from Port to Wacker Siltronic.

1.17. Opinion of Mudge Rose Guthrie & Alexander, Bond Counsel, as to the validity of the Bonds and other matters.

1.18. Opinion of Wood, Tatum, Mosser, Brooke & Holden required by Section 2.3(f)(iii) of the Bond Purchase Agreement.

II. WACKER SILTRONIC CORPORATION

2.1. Certificate and telegram of good standing of Wacker Siltronic Corporation in Oregon.

2.2. Certificate of the Secretary of Wacker Siltronic Corporation as to the following matters:

(a) Certificate of Incorporation of the Company.

(b) Certificate of By-laws of the Company.

(c) Incumbency and signatures of the officers.

2.3. Extract of resolutions of Board of Directors approving the financing and form of documents.

2.4. Extract of resolutions of the Shareholder approving the financing and form of documents.

2.5. Letter of Indemnity.

2.6. Certificate as to Authorized Company Representative.

2.7. Certificate as to accuracy of representations and warranties as required by Section 2.3(f)(v) of the Bond Purchase Agreement.

2.8. Letter addressed to Mudge Rose Guthrie & Alexander relating to the facilities.

2.9. Evidence of insurance as required by Installment Sale Agreement.

2.10. Opinion of Counsel of Wacker Siltronic responsive to Section 2.3(f)(vi) of the Bond Purchase Agreement.

III. WACKER CHEMICAL CORPORATION

3.1. Certificate as to authorization to enter into Guarantee Agreement and Letter of Indemnity.

3.2. Guarantee Agreement dated April 15, 1979.

3.3. Opinion of Counsel of Wacker Chemical responsive to Section 2.3(f)(vii) of Bond Purchase Agreement.

IV. WACKER CHEMIE GmbH

4.1. Certificate as to authorization to enter into Comfort Letter Agreement.

4.2. Comfort Letter Agreement.

V. FIRST NATIONAL BANK OF OREGON

5.1. Certificate of Acceptance of duties and obligations as Trustee and Paying Agent created by Ordinance No. 246.

5.2. Trustee's Certificate.

VI. MISCELLANEOUS

6.1. Cross Receipt.

[redacted]

ASSISTANT SECRETARY'S CERTIFICATE

I, GABRIEL VALLICELLI, DO HEREBY CERTIFY that I am an Assistant Secretary of The Port of Portland (the "Port") and as such Assistant Secretary, I DO HEREBY CERTIFY that:

1. Attached hereto as Exhibit A is a true and correct copy of the By-Laws of the Port duly adopted by it and as amended to December 8, 1976 and that there has not been any amendment thereto or revocation thereof since such date and such By-Laws are in full force and effect on the date hereof in the form attached, and have not been amended or revoked and no such amendment or revocation is now pending.

2. Attached hereto as Exhibit B is an extract of the minutes of a meeting of the Port duly called and held on May 24, 1978, at which meeting a quorum was present and acting throughout, which extract has been compared by me with the original minutes as recorded in the Minute Book of the Port, and that said extract is a true, complete and correct copy thereof and of the whole of said original minutes so far as the same relate to the subject matter referred to in said extract, and the resolution therein contained has been duly adopted and has not been modified, amended or repealed and is in full force and effect.

3. Attached hereto as Exhibit C is an extract of the minutes of a meeting of the Port duly called and held on March 14, 1979, at which meeting a quorum was present and acting throughout, which extract has been compared by me with the original minutes as recorded in the Minute Book of the Port, and that said extract is a true, complete and correct copy thereof and of the whole of said original minutes so far as the same relate to the subject matter referred to in said extract, and Ordinance No. 246 therein contained has been duly adopted and has not been modified, amended or repealed and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Port this 26th day of April, 1979.

G. Vallicelli

Assistant Secretary

(SEAL)

12/8/76

RESOLVED, that the following shall constitute the Bylaws of The Port of Portland.

ARTICLE I

Meetings

1. Regular Meetings. The regular monthly meeting of the Commission shall be held at its office on the second Wednesday of each month, commencing between the hours of 9:00 a.m. and noon; provided that when the Wednesday on which a meeting would fall as aforesaid is a legal holiday the following day shall be the regular meeting day.

2. Adjourned Meetings. If a regular meeting is not held during the time and place aforesaid due to lack of a quorum, such regular monthly meeting shall be adjourned upon order of the President or, in his absence, by any Commission member and agreed to by the commissioners in attendance, to a specific time and place before the next regular monthly meeting.

3. Special Meetings. Special meetings of the Commission may be called at any time by the President and must be called by the President within 24 hours after receiving a written request from two or more commissioners to do so. Such written request must specify the object or purpose for which the meeting is requested.

4. Executive Meetings. Executive meetings of the Commission, other than those executive sessions held during a regular or special meeting, may be called at any time by the President and must be called by the President within 24 hours after receiving a written request from two or more commissioners to do so.

5. Notice of Meetings. Notice of all regular, adjourned, special meetings and executive meetings shall be given to each member of the Commission at least 24 hours prior to the hour of such meeting. The notice of special meetings shall also specify the object or purpose of such meetings. The notice of executive meetings shall also state the specific provision of Oregon Revised Statutes 192.660, authorizing the executive meeting. Notices of regular, adjourned, special and executive meetings shall also be given the public at least 24 hours prior to the hour of such meeting, except that in the case of an actual emergency, a meeting may be held upon such notice as is appropriate to the circumstances.

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6. Quorum. A majority of the commissioners, then members of the board, shall constitute a quorum.

ARTICLE II

Executive Committee

1. The Executive Committee shall consist of all commissioners and shall meet at the call of the President or any two other officers and may hold meetings under such rules and regulations as the board may prescribe. The board may determine that less than a majority may constitute a quorum for the transaction of business.

2. The Executive Committee shall have no other or further power than as a committee and as may be expressly conferred upon it as such.

ARTICLE III

Officers

1. The Officers of the Commission shall consist of a President, Vice President, a Treasurer and a Secretary, each of whom shall be elected from among the members of the Commission.

2. The Commission shall elect new officers at the first regular meeting after the first day of January in each year, the terms of which shall run for one year beginning when elected and continuing until their successors have been elected. Vacancies in an office arising from any cause may be filled by election at any regular meeting of the Commission.

3. The officer so elected shall perform such duties as are usual in such office.

4. The Commission may appoint such Assistant Treasurers and Assistant Secretaries from its employees as it may determine. Such Assistant Treasurers and Assistant Secretaries shall perform such functions and duties as the Commission shall authorize from time to time.

ARTICLE IV

Executive Director

1. The Commission shall appoint the Executive Director who will be responsible to the Commission for carrying out the policies and expressed instructions of the Commission. The Executive Director shall

be responsible for the administration of Port affairs and shall carry out such other matters as may be specifically assigned by the Commission. The Commission officers shall approve the rate of remuneration of the Executive Director.

2. The Executive Director shall appoint and employ such persons as is deemed requisite, necessary or convenient in carrying on the work of the Port at such rate of remuneration as is deemed just and proper. The Commission, however, shall approve the initial employment and rate of remuneration of the Deputy Executive Director, and Assistant Executive Director.

ARTICLE V

Ordinances, Resolutions and Commission Directives

In order to carry out the functions, policies and programs of the Port, the Commission may adopt ordinances or resolutions or may issue Commission directives delegating to the Executive Director authority to carry out certain acts.

ARTICLE VI

Seal

The official and recognized seal of The Port of Portland is that affixed to the margin of these Bylaws.

ARTICLE VII

Amendment of Bylaws

These Bylaws may be amended by the Commission by resolution duly adopted.

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Minutes
Special Commission Meeting
The Port of Portland
May 24, 1978

Pursuant to call of the president and upon notice given 24 hours before the meeting, a special meeting of the Commissioners of The Port of Portland was held at 11:00 a.m. this date in Conference Room D of the Port's offices in the Lloyd Building.

QUORUM

Commissioners present were F. Glen Odell, president, presiding; Lloyd Babler, Jr.; Lawrence S. Black; Ilo Bonyhadi; Joseph M. Edgar; and Samuel T. Naito. Absent were Commissioners Sid Brockley; Kenneth Lewis; and G. Johnny Parks. Also present were Lloyd Anderson, executive director; Gabe Vallicelli, director of finance and administration; Lofton Tatum, Port's attorney; and representatives of the news media.

APPROVAL TO PROCEED WITH POLLUTION CONTROL AND INDUSTRIAL DEVELOPMENT REVENUE BOND ISSUES FOR WACKER CHEMICAL CORPORATION

Gabe Vallicelli, director of finance and administration, presented the executive director's recommendation as follows:

RESOLVED, That The Port of Portland Commission approves the following resolution:

A RESOLUTION TO THE BOARD OF COMMISSIONERS OF THE PORT OF PORTLAND, AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $5,000,000 POLLUTION CONTROL

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REVENUE BONDS AND $1,000,000 INDUSTRIAL DEVELOPMENT REVENUE BONDS AND THE EXECUTION OF AN AGREEMENT BETWEEN THE PORT OF PORTLAND AND WACKER CHEMICAL CORPORATION AND WACKER SILTRONIC CORPORATION PROVIDING UNDERSTANDINGS WITH RESPECT TO THE ISSUANCE OF SUCH REVENUE BONDS FOR POLLUTION CONTROL AND INDUSTRIAL DEVELOPMENT PURPOSES AT THE INDUSTRIAL PLANT TO BE CONSTRUCTED BY WACKER SILTRONIC CORPORATION IN THE CITY OF PORTLAND, OREGON.

WHEREAS, The Port of Portland (hereinafter "Port") is authorized by Oregon Revised Statutes, Chapters 777 and 778, to issue its revenue bonds to acquire pollution control and industrial facilities on certain conditions and to make such facilities available to others; and

WHEREAS, Wacker Chemical Corporation and Wacker Siltronic Corporation ("Company") has proposed a Memorandum of Agreement ("Agreement") between the Port and the Company to accomplish these ends and the Board of Commissioners desires to execute the Agreement;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of The Port of Portland, as follows:

Section 1. There is hereby authorized to be issued not exceeding $5,000,000 pollution control revenue bonds and $1,000,000 industrial development revenue bonds of the Port for the purposes described in this Section 1. The president and assistant secretary be and they are hereby authorized and directed to execute, for and on behalf of this Board and the Port, an agreement between the Port and the Company providing understandings relative to the proposed issuance of such pollution control and industrial development revenue bonds as defined in the Agreement (the "Bonds") in a total aggregate principal amount not to exceed Six Million Dollars ($6,000,000), for pollution control and industrial development facilities described in said Agreement at the Company's industrial plant to be constructed by the Company in the City of Portland, said Agreement to be substantially in the form and to contain substantially the terms and conditions set forth in the Agreement attached to this Resolution as Exhibit A.

Section 2. The president and assistant secretary be and they are hereby further authorized to proceed, upon the execution of the Agreement, with the undertakings provided for therein on the part of the Port, and they are, as of then, further authorized to present to this Board an appropriate bond ordinance covering the issuance, sale and delivery of the Bonds, pursuant to and subject to the terms and conditions set forth in the Agreement authorized hereby.

Section 3. This Resolution is an affirmative official action of the Port acting by and through its Board of Commissioners toward the issuance of the Bonds as contemplated in said Agreement in accordance with the purposes of the laws of Oregon and the United States Treasury Regulations Section 1.103-8(a)(5).

Exhibit A

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT, made and entered into this 24th day of May, 1978, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon (hereinafter referred to as the "Port"), and WACKER CHEMICAL CORPORATION, a New York corporation, and WACKER SILTRONIC, a Delaware corporation (hereinafter referred to as the "Company"),

W I T N E S S E T H:

WHEREAS, the Port is authorized under the provisions of Oregon Revised Statutes, Chapters 777 and 778 (hereinafter referred to as the "Statutes"), to issue pollution control and industrial development bonds to defray in whole or in part the cost of pollution control and industrial development facilities to be located within the territorial boundaries of the Port; and

WHEREAS, in order to implement the public purposes enumerated in the Statutes and in furtherance thereof to induce the Company to acquire, construct and equip a manufacturing plant, including all necessary land and buildings within the territorial boundaries of the Port, the Port has offered to issue its pollution control and industrial development bonds under the Statutes and apply the proceeds therefrom to the payment of the cost of acquiring, constructing and equipping pollution control and industrial development facilities (hereinafter referred to collectively as the "Projects"); and

WHEREAS, the Company, after considering a number of possibile locations, and in reliance upon the offer of the Port to finance in part the acquisition, construction and equipping of the Projects through the issuance of pollution control and industrial development bonds under the provisions of the Statutes, has determined to locate a manufacturing plant within the territorial boundaries of the Port; and

WHEREAS, it is now deemed advisable to express formally and in writing the understanding heretofore informally agreed upon by the parties hereto;

NOW, THEREFORE, in consideration of the premises and of the mutual undertakings herein expressed, the Port and the Company hereto recognize and agree as follows:

A. The Port finds, intends, declares and agrees:

1. That the Port is authorized by the provisions of the Statutes to acquire, construct and equip the Projects described in

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Exhibit 1 hereto; and for the purpose of paying the cost of such acquisition, construction and equipping, including expenses incidental thereto, is authorized by the aforementioned Statutes to issue its pollution control and industrial development bonds payable from the revenues and receipts derived from the lease or sale of the Projects by the Port to the Company.

2. a. That the Port will, subject in all respects to the provisions and requirements of the Statutes and to a sale of separate issues of pollution control and industrial development bonds on terms satisfactory to the Company and the Port, use its best efforts to authorize, issue, sell and deliver its pollution control bonds in a principal amount not to exceed $5,000,000 and its industrial development bonds in principal amount not to exceed $1,000,000 (collectively the "Bonds"), and apply the proceeds therefrom to the payment of the cost of acquisition, construction and equipping of the Projects.

b. That the Port will investigate the legality of its authorizing an additional amount of taxable revenue bonds not to exceed $8,000,000.

3. That it will, after securing the consent of the Company, enter into an underwriting agreement with one or more investment banking firms (the "Underwriters") whereby the Underwriters will agree to purchase the Bonds from the Port and the Port will agree to sell the Bonds to the Underwriters, at such times and in such amounts as may be agreed upon by the Port and the Company, and the Bonds will bear such interest rate or rates and contain such other terms and conditions as shall be authorized by law and mutually satisfactory to the Port and the Company.

4. That the issuance and sale of the Bonds in the amount and for the purposes hereinabove set forth will be appropriate and consistent with the objectives of the Statutes and that the adoption of the Agreement is and constitutes the taking of affirmative official action by the Port towards the issuance of the Bonds within the meaning of Section 1.103-8(a)(5) of the Internal Revenue Service regulations pertaining to pollution control and industrial development bonds.

5. That at the proper time or times and subject in all respects to the advice, consent and approval of the Company, the Port will adopt, or cause to be adopted, such proceedings and resolutions and authorize the execution of such documents and agreements as may be necessary and advisable for the acquisition and construction of the Projects, as aforesaid, and the lease or sale of the Projects to the Company thereof all as shall be authorized by law and mutually satisfactory to the Port and the Company; provided that in all events the sums payable under such documents and agreements shall be sufficient to pay the principal of and interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable, together with

SCOEPA00001055

all reasonable and necessary expenses of the Port in connection with the financing of the Projects over the term of the Bonds.

B. The Company finds, intends, declares and agrees:

1. That the construction of the industrial plant by the Company will result in increased employment and will increase the local industrial tax base.

2. That it will enter into a contract or contracts, and perform to the extent necessary or appropriate under contracts already entered into, for the construction and equipping of the Projects and that at the time of the delivery of the Bonds, it will convey or transfer the Projects and assign such contracts to the Port subject only to such liens, charges and encumbrances as shall be agreed to by the Port and the Company.

3. That if required by the Port, it will guarantee or cause to be guaranteed the principal of and interest on the Bonds and will execute or cause to be executed a guaranty agreement therefor.

4. That contemporaneously with the delivery of the Bonds it will enter into a lease or sales agreement, or supplements or amendments thereto, with the Port or an intermediary entity under the terms of which the Company will obligate itself to pay to the Port directly or through such intermediary entity sums sufficient in the aggregate to pay the principal of and interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable, together with all expenses, costs or outlays incurred by the Port in connection with the financing of the Project over the term of the Bonds including but not limited to an administrative management fee payable at the time of closing each bond issue, such administrative fee to be annually one-tenth of 1 percent of the aggregate principal outstanding but no less than $5,000 per year, and the Port's attorneys' fees and expenses incurred by reason of the issuance of the bonds; such lease or agreement to contain such provisions as may be required by law, and such other provisions as shall be mutually acceptable to the Port and the Company. Such lease or sales agreement shall also obligate the Company to pay the Port all other fees and costs incurred by the Port by reason of the outstanding bonds, including the annual administrative management fee.

5. That the Company, if requested by the Port, either in such lease or sales contract or in a separate document, shall grant to the Port, for the benefit of the Port or a trustee for the holders of the Bonds, a mortgage or other security interest in the Projects.

6. That it will take such further action and adopt such further proceedings or resolutions as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

7. That if the events set forth herein do not take place by June 1, 1979, or any extension thereof and at least one series of the Bonds is not sold within such time, the Company agrees that it will promptly thereafter reimburse the Port for all reasonable and necessary direct or indirect expenses which the Port may have incurred in connection with the Projects and the financing thereof and arising from the execution of this Agreement and the performance by the Port of its obligations hereunder, and this Agreement shall thereupon terminate.

8. That the Company shall indemnify and hold the Port harmless against all liabilities incurred in connection with the acquisition or installation of all facilities for the Projects. In the event bond proceeds are insufficient to pay the total cost of the acquisition and the installation thereof, the Company shall pay the amount of any such deficiency.

C. The Port and the Company find, intend, declare and agree:

1. That the Bonds shall never constitute an indebtedness of the Port or a loan of credit thereof within the meaning of any constitutional or statutory provision, and such fact shall be plainly stated on the face of the Bonds. No holder of any of the Bonds shall ever have the right to compel any exercise of the taxing power of the Port to pay the aggregate principal amount of the Bonds or any interest thereon. The principal, premium (if any) and interest on the Bonds to be issued to finance the Projects shall be secured by a pledge to a trustee acting under a trust indenture for the benefit of the holder or holders of the Bonds of the revenue and receipts to be derived by the Port from the Projects.

2. That all commitments of the Port and the Company hereunder (except the agreements and commitments of the Company under Clauses 7 and 8 of Paragraph B hereof) are subject to the conditions that on or before June 1, 1979, (or such other date as shall be mutually satisfactory to the Port and the Company) the Port and the Company shall have agreed to mutually acceptable terms for no less than one series of the Bonds and the sale and delivery thereof, and mutually acceptable terms and conditions for the contracts and agreements referred to in this Agreement.

3. That it is desirable that the Company act as agent for the Port and arrange for the acquisition, construction and equipping of the Projects in order to ensure that the Projects will conform to the requirements of the Company.

4. That this Agreement shall be binding upon the Port and the Company, and upon their respective successors and assigns.

5. That this Agreement may be executed in separate counterparts, all of which shall be deemed a single instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

THE PORT OF PORTLAND

By _____
(Vice) President

By _____
Assistant Secretary

WACKER CHEMICAL CORPORATION

By _____
Director

WACKER SILTRONIC CORPORATION

By _____
President

President Odell raised a question on taxable bonds and staff responded this action covers only tax exempt issues. Taxable bonds are mentioned in the letter of intent.

Commissioner Black moved that the executive director's recommendation be approved and Commissioner Babler seconded the motion.

After further discussion of the benefits to a company on taxable bonds, the motion was put to a voice vote and approved unanimously.

The meeting adjourned at 11:15 a.m.

F. [illegible]
President

Sally C. Pryer
Assistant Secretary

Date Signed: June 14, 1978

APPROVAL TO SET THE TERMS AND PROVIDE FOR ISSUANCE OF $1,000,000 INDUSTRIAL REVENUE BONDS AND $3,420,000 POLLUTION CONTROL REVENUE BONDS FOR WACKER SILTRONIC CORPORATION

Mr. Vallicelli presented the executive director's recommendation as follows:

RESOLVED, That Ordinance 245 is enacted; and

BE IT FURTHER RESOLVED, That Ordinance 246 is enacted; and

BE IT FURTHER RESOLVED, That the president or vice president of the Port and the secretary or an assistant secretary of the Port be and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments including the installment sales agreements necessary or proper for carrying out the transactions contemplated by Ordinances 245 and 246 heretofore enacted.

Commissioner Green moved that Ordinance 245 be adopted by reading the title only. Commissioner Babler seconded the motion which was put to a voice vote and carried unanimously.

Mr. Vallicelli read the title as follows:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF THE BOARD OF COMMISSIONERS OF THE PORT OF PORTLAND, OREGON (THE "PORT") OF ITS REVENUE BONDS, DESIGNATED "POLLUTION CONTROL REVENUE BONDS, 1979 SERIES (WACKER SILTRONIC CORPORATION PROJECT)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING $3,500,000, AND ADDITIONAL BONDS, PURSUANT TO THE PROVISIONS OF CHAPTERS 777 AND 778 OF THE OREGON REVISED STATUTES IN ORDER TO USE THE PROCEEDS TO ACQUIRE AND CONSTRUCT CERTAIN AIR AND WATER POLLUTION CONTROL FACILITIES AND TO SELL SUCH POLLUTION CONTROL FACILITIES TO WACKER SILTRONIC CORPORATION (THE "CORPORATION"); MAKING CERTAIN FINDINGS, AMONG OTHERS, CONCERNING THE PUBLIC BENEFIT AND PURPOSE OF THE REVENUE BONDS; PRESCRIBING THE TERMS, CONDITIONS, SECURITY, FORM AND TENOR OF SUCH BONDS; PROVIDING FOR THE ENACTMENT OF SUPPLEMENTAL ORDINANCES; APPROVING THE FORM OF THE INSTALLMENT SALE AGREEMENT TO BE ENTERED INTO BETWEEN THE PORT AND THE CORPORATION; AND GENERALLY PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH THE AUTHORIZATION, ISSUANCE, SECURITY, SALE AND PAYMENT OF SUCH REVENUE BONDS.

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Commissioner Green moved that Ordinance 245 be adopted. Commissioner Babler seconded the motion. The commissioners present constituted a quorum and Ordinance 245 was enacted by the affirmative roll call vote of the nine commissioners present.

Commissioner Green moved that Ordinance 246 be adopted by reading the title only. Commissioner Caldwell seconded the motion which was put to a voice vote and carried unanimously.

Mr. Vallicelli read the title as follows:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE BY THE BOARD OF COMMISSIONERS OF THE PORT OF PORTLAND, OREGON (THE "PORT"), OF ITS REVENUE BONDS, DESIGNATED "INDUSTRIAL DEVELOPMENT REVENUE BONDS, 1979 SERIES (WACKER SILTRONIC CORPORATION PROJECT)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING $1,000,000, AND ADDITIONAL BONDS, PURSUANT TO THE PROVISIONS OF CHAPTERS 777 AND 778 OF THE OREGON REVISED STATUTES IN ORDER TO USE THE PROCEEDS TO ACQUIRE AND CONSTRUCT CERTAIN INDUSTRIAL DEVELOPMENT FACILITIES AND TO SELL SUCH INDUSTRIAL DEVELOPMENT FACILITIES TO WACKER SILTRONIC CORPORATION (THE "CORPORATION"); MAKING CERTAIN FINDINGS, AMONG OTHERS, CONCERNING THE PUBLIC BENEFIT AND PURPOSE OF THE REVENUE BONDS; PRESCRIBING THE TERMS, CONDITIONS, SECURITY, FORM AND TENOR OF SUCH BONDS; PROVIDING FOR THE ENACTMENT OF SUPPLEMENTAL ORDINANCES; APPROVING THE FORM OF THE INSTALLMENT SALE AGREEMENT TO BE ENTERED INTO BETWEEN THE PORT AND THE CORPORATION; AND GENERALLY PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH THE AUTHORIZATION, ISSUANCE, SECURITY, SALE AND PAYMENT OF SUCH REVENUE BONDS.

Commissioner Love moved that Ordinance 246 be adopted. Commissioner Hering seconded. The commissioners present constituted a quorum and Ordinance 246 was enacted by the affirmative roll call vote of the nine commissioners present.

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Commissioner Green moved that the resolution authorizing certain signatures required by Ordinances 245 and 246 be approved. Commissioner Hering seconded the motion which was put to a voice vote and carried unanimously.

APPROVAL TO PROCEED WITH $10,000,000 INDUSTRIAL REVENUE BOND ISSUE FOR OK DELIVERY SYSTEMS, INC. - RGID

This item was withdrawn from the agenda.

APPROVAL TO PROCEED WITH $5,000,000 INDUSTRIAL REVENUE BOND ISSUE FOR FMC CORPORATION

Mr. Vallicelli presented the executive director's recommendation, noting several minor corrections in the letter of intent and resolution as follows:

WHEREAS, The Port of Portland ("Port") is authorized by Oregon Revised Statutes, Chapters 777 and 778, to issue its revenue bonds to provide funds to finance the acquisition of land and dock and wharf facilities ("Dock Facility") and certain industrial development facilities ("Industrial Facility") for FMC Corp. and to make such facilities available to others; and

WHEREAS, FMC Corporation ("Company") has proposed a Letter of Intent ("Agreement") between the Port and the Company wherein the Port will use its best efforts to issue such bonds and to lease or sell pursuant to installment contract the facilities, described above, to the Company, the lease rentals or the payments under the installment sales contract to pay the maturing debt service; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of The Port of Portland:

Section 1. The president or vice president and assistant secretary be and hereby are authorized and directed to execute, for and on behalf of the Port, the Agreement between the Port and the Company providing understandings relative to the proposed issuance of, not to exceed $5,000,000 industrial development revenue bonds ("Bonds"), in one or more series, in the aggregate principal amount of not to exceed $4,000,000 to provide funds for the acquisition of land and construction of the Dock Facility and not to exceed $1,000,000 for the acquisition of the Industrial

SCOEPA00001062

THE PORT OF PORTLAND, OREGON

ORDINANCE NO. 246

(enacted March 14, 1979)

SCOEPA00001063

ORDINANCE NO. 246

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE BY THE BOARD OF COMMISSIONERS OF THE PORT OF PORTLAND, OREGON (THE "PORT") OF ITS REVENUE BONDS, DESIGNATED "INDUSTRIAL DEVELOPMENT REVENUE BONDS, 1979 SERIES (WACKER SILTRONIC CORPORATION PROJECT)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING $1,000,000, AND ADDITIONAL BONDS, PURSUANT TO THE PROVISIONS OF CHAPTERS 777 AND 778 OF THE OREGON REVISED STATUTES IN ORDER TO USE THE PROCEEDS TO ACQUIRE AND CONSTRUCT CERTAIN INDUSTRIAL DEVELOPMENT FACILITIES AND TO SELL SUCH INDUSTRIAL DEVELOPMENT FACILITIES TO WACKER SILTRONIC CORPORATION (THE "CORPORATION"); MAKING CERTAIN FINDINGS, AMONG OTHERS, CONCERNING THE PUBLIC BENEFIT AND PURPOSE OF THE REVENUE BONDS; PRESCRIBING THE TERMS, CONDITIONS, SECURITY, FORM AND TENOR OF SUCH BONDS; PROVIDING FOR THE ENACTMENT OF SUPPLEMENTAL ORDINANCES; APPROVING THE FORM OF THE INSTALLMENT SALE AGREEMENT TO BE ENTERED INTO BETWEEN THE PORT AND THE CORPORATION; AND GENERALLY PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH THE AUTHORIZATION, ISSUANCE, SECURITY, SALE AND PAYMENT OF SUCH REVENUE BONDS.

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BE IT ENACTED BY THE PORT OF PORTLAND:

ARTICLE I

Definitions; Findings and Determinations; Pledge of Revenues; Ordinance to Constitute Contract; and Approval to Sale Agreement and Assignment

SECTION 1.01. Definitions. The terms set forth below shall have the following meanings in this Ordinance, unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa.

Act:

"Act" shall mean Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended, and all future acts supplemental thereto or amendatory thereof.

Additional Bonds:

"Additional Bonds" shall mean Bonds of any Series, other than the 1979 Series Bonds, duly authenticated and delivered pursuant to this Ordinance.

Administration Expenses:

"Administration Expenses" shall mean (i) an annual administrative management fee to be paid by the Corporation to the Port on May 1, 1979 and on each May 1 thereafter so long as any Bonds are outstanding in an amount equal to 1/10 of 1% of the aggregate principal amount of the Bonds outstanding on the date of payment; but not less than $2,500, and (ii) the compensation and expenses paid to or incurred by the Trustee under this Ordinance.

Authorized Company Representative:

"Authorized Company Representative" shall mean any person at the time designated to act on behalf of the Corporation by a written certificate, signed on behalf of the Corporation by its President or one of its Vice Presidents or its Treasurer and its Secretary or one of its Assistant Secretaries and furnished to the Port and the Trustee, containing the specimen signature of each such person.

Bondholder:

"Bondholder" or "holder of the Bonds" or "holder" shall mean the bearer of any coupon Bond and the Registered Owner of any registered Bond.

Bonds:

"Bond" or "Bonds" shall mean any bond or all of the bonds, as the case may be, of the Port authorized and issued by the Port, authenticated by the Trustee and delivered under this Ordinance.

The term "outstanding under this Ordinance" or "outstanding hereunder" or "outstanding", when used with reference to Bonds, shall mean, except as otherwise provided in Sections 9.03 and 13.03 of this Ordinance, at any date as of which the amount of outstanding Bonds is to be determined, the aggregate of all Bonds authorized, issued, authenticated and delivered under this Ordinance, except:

(a) Bonds cancelled or surrendered to the Trustee for cancellation pursuant to Section 2.11 of this Ordinance on or prior to such date;

(b) Bonds for the payment of which cash shall have been theretofore deposited with the Trustee in an amount equal to the principal amount thereof and interest thereon to maturity; and

(c) Bonds for the redemption of which cash shall have been theretofore deposited with the Trustee; provided that notice of such redemption shall have been given as in Article VIII provided or provision satisfactory to the Trustee shall have been made therefor.

The term "issued", when used with respect to Bonds, shall mean sold or otherwise disposed of for value by the Port, except by way of pledge to secure a loan, unless the pledge shall have been foreclosed.

In determining whether the holders of a requisite aggregate principal amount of Bonds outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under this Ordinance, Bonds which are owned by the Corporation or the Port shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded.

Bond Fund:

"Bond Fund" shall mean the fund created under Article VI of this Ordinance.

Bond Register and Bond Registrar:

"Bond Register" and "Bond Registrar" shall have the respective meanings specified in Section 2.08 of this Ordinance.

Completion Date:

"Completion Date" shall mean the date of completion of the acquisition, construction and installation of the Project, as that date shall be certified pursuant to Section 3.05 of the Sale Agreement and Section 5.05 of this Ordinance.

Construction Fund:

"Construction Fund" shall mean the fund created under Article V of this Ordinance.

Corporate Trust Office:

"Corporate Trust Office" shall mean the office of the Trustee, at which at any particular time its corporate trust business shall be principally administered.

Corporation:

"Corporation" shall mean Wacker Siltronic Corporation, a Delaware corporation, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 5.02 of the Sale Agreement and shall also mean, unless the context otherwise requires, an assignee of the Sale Agreement as permitted by Section 6.01 of the Sale Agreement.

Cost:

"Cost", when used in connection with the Project described in Exhibit A to the Sale Agreement, any enlargements, improvements or extensions of such Project, or any additional industrial development facilities at the Plant shall be deemed (subject to any limitation thereof contained in the Sale Agreement), whether incurred prior to or after the date of this Ordinance, to include (a) obligations of the Port or the Corporation or any affiliate of the Corporation incurred for labor, materials and other expenses and to contractors, builders and materialmen in connection with the acquisition, construction and installation of the facilities being acquired, constructed or installed; (b) the cost of contract bonds and of

insurance of all kinds that may be required or necessary during the course of construction of the facilities being acquired, constructed or installed which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Port and the Corporation and any affiliate of the Corporation for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the facilities being acquired, constructed or installed; (d) compensation and expenses of the Trustee, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the issuance of the Bonds, including any payments to be made by the Corporation pursuant to clause (i) of the definition of Administration Expenses and under the memorandum of agreement between the Port, the Corporation and the Guarantor, dated May 24, 1978 which are not otherwise provided for under the terms of the Sale Agreement; (e) all other costs which the Port or the Corporation or any affiliate of the Corporation shall be required to pay under the terms of any contract or contracts for the acquisition (by purchase, lease, or otherwise), construction or installation of the facilities being acquired, constructed or installed; (f) any sums required to reimburse the Port or the Corporation or any affiliate of the Corporation for advances made by any of them for any of the above items, or for any other costs incurred and for the work done by any of them, which are properly chargeable to the facilities being acquired, constructed or installed; (g) any amount designated by the Corporation for deposit in the Bond Fund for payment of interest on the 1979 Series Bonds to a date not later than April 15, 1980 and, in the case of a Series of Additional Bonds, such date or dates as shall be specified in the Supplemental Ordinance providing for the issuance of such Series of Additional Bonds; (h) the costs of title insurance or title opinion obtained pursuant to the provisions of the Sale Agreement; and (i) payment of any other costs and expenses relating to the construction of the Project and financing thereof, including, without limitation, taxes payable under Section 4.11 of the Sale Agreement, administrative expenses of the Port and expenses incurred pursuant to Section 3.07 of the Sale Agreement.

Coupon:

"Coupon" or "coupons" shall mean any interest coupon or all the interest coupons, as the case may be, appertaining to coupon Bonds.

Event of Default:

"Event of Default" shall mean any Event of Default specified in Section 10.01 of this Ordinance.

Financing Statement:

"Financing Statement" shall mean a financing statement or a continuation statement filed pursuant to the provisions of the Uniform Commercial Code of the State of Oregon or such other jurisdiction the laws of which are applicable.

Governmental Obligations:

"Governmental Obligations" shall mean any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State of Oregon for the moneys proposed to be invested therein:

(i) direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by, the United States of America;

(ii) bonds, debentures or notes issued by any of the following Federal agencies: Bank for Cooperatives, Federal Land Banks, Federal Financing Bank, or Federal National Mortgage Association (including Participation Certificates); or

(iii) Public Housing Bonds, Temporary Notes or Preliminary Loan Notes, fully secured by contracts with the United States of America.

Guarantee:

"Guarantee" shall mean the Guarantee Agreement, dated as of April 15, 1979, between Wacker and the Trustee, as the same may be amended or supplemented pursuant to the terms thereof.

Mortgage:

"Mortgage" shall mean the mortgage of the Project conveyed by the Port to the Trustee pursuant to this Ordinance.

Officers' Certificate:

"Officers' Certificate" shall mean a certificate signed by the President or Vice-President of the Port and the Secretary or an Assistant Secretary of the Port.

Opinion of Counsel:

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Corporation, or bond counsel, or may be other counsel, satisfactory to the Trustee.

Ordinance:

"Ordinance" shall mean Ordinance No. 246 of the Port enacted March 14, 1979, pursuant to which the Bonds are to be issued and secured, as the same may be amended or supplemented from time to time in accordance with the provisions thereof.

Paying Agent:

"Paying Agent" shall mean any paying agent for the Bonds and coupons (and may include the Trustee) and its successor or successors appointed pursuant to the provisions of this Ordinance.

Permitted Encumbrances:

"Permitted Encumbrances" shall mean and include:

(a) undetermined liens and charges incident to construction or maintenance, and liens and charges incident to construction or maintenance now or hereafter filed of record which are being contested in good faith and have not proceeded to judgment provided that the Corporation shall have set aside adequate reserves with respect thereto;

(b) the lien of taxes, assessments and other governmental charges and levies which are not delinquent;

(c) the lien of taxes, assessments and other governmental charges and levies which are delinquent but the validity of which is being contested in good faith and with respect to which the Corporation shall have set aside adequate reserves unless thereby any of the Project or the interest of the Port therein may be in danger of being lost or forfeited;

(d) minor defects and irregularities in the title to the Project which do not in the aggregate materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held;

(e) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is or may reasonably be expected to be held;

(f) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Project which do not materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held;

(g) any obligations or duties affecting any portion of the Project to any municipality or governmental or other public authority with respect to any right, power, franchise, grant, license or permit;

(h) present or future zoning laws and ordinances;

(i) the rights of the Port under the Sale Agreement;

(j) the lien and charge of this Ordinance;

(k) all rights that the City of Portland, Oregon may hold pursuant to a Disposition and Development Agreement dated as of May 26, 1978 by and between said City and the Corporation and Wacker.

Person:

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

Plans and Specifications:

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, certified by an Authorized Company Representative and filed with the Port at the date of the issuance of the 1979 Series Bonds, as the same may be implemented and detailed from time to time and as the same may be revised from time

to time prior to the completion of construction of the Project in accordance with this Ordinance.

Plant:

"Plant" shall mean the silicon wafer manufacturing facility of the Corporation located in Portland, Oregon, in connection with which the Project is designed to be used.

Port:

"Port" shall mean The Port of Portland, a municipal corporation of the State of Oregon, and any successor to its duties and functions.

Principal Installment Date:

"Principal Installment Date" shall mean any date on which the principal of any Bonds shall mature or on which amounts are required to be deposited in the Bond Fund.

Project:

"Project" shall mean (1) the industrial development control facilities described in Exhibit A to the Sale Agreement, as the same may become more detailed from time to time, including any modifications thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided by the Plans and Specifications, but not including personal property installed in accordance with Section 4.14 of the Sale Agreement, and that land upon which the industrial development facilities are located, as more specifically described in Exhibit B attached to the Sale Agreement, (2) enlargements, improvements or extensions of said facilities financed by Additional Bonds, and (3) additional industrial development facilities at the Plant financed by Additional Bonds.

Registered Owner:

"Registered Owner" shall mean the Person or Persons in whose name or names the particular registered Bond or coupon Bond registered as to principal only shall be registered on the Bond Register.

Revenues:

"Revenues" shall mean all payments payable by the Corporation to the Port under the Sale Agreement and all amounts derived by the Port in any manner from or in connection with the sale of the Project to the Corporation (other than the proceeds of Bonds).

Sale Agreement:

"Sale Agreement" shall mean the Installment Sale Agreement dated as of April 15, 1979 between the Port and the Corporation, as the same may be amended from time to time in accordance with this Ordinance.

Secretary:

"Secretary" shall mean the duly authorized Secretary or Assistant Secretary or Assistant Secretaries of the Port.

Series or Series of Bonds:

"Series" or "Series of Bonds" shall mean all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds, pursuant to the provisions of this Ordinance, regardless of variations in maturity, interest rate, Sinking Fund Requirements, or other provisions.

1979 Series Bonds:

"1979 Series Bonds" shall mean the Series of Bonds authorized to be issued pursuant to Section 2.02 of this Ordinance.

Sinking Fund Requirement:

"Sinking Fund Requirement" shall mean, with respect to (i) the 1979 Series Bonds, the amounts so designated and established pursuant to Section 2.02 of this Ordinance, and (ii) any Series of Additional Bonds, any amount so designated pursuant to the Supplemental Ordinance providing for the issuance of such Series of Additional Bonds.

Supplemental Ordinance:

"Supplemental Ordinance" or "ordinance supplemental hereto" shall mean any ordinance supplementary to or amendatory of this Ordinance as originally enacted which is duly enacted in accordance with the provisions of this Ordinance.

Trustee:

"Trustee" shall mean First National Bank of Oregon (and its corporate successors) and its successors hereunder.

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Wacker:

"Wacker" shall mean (i) Wacker Chemical Corporation, a New York Corporation, and its successors and assigns and (ii) any surviving, resulting or transferee Corporation as provided in Section 2.6 of the Guarantee Agreement dated as as of April 15, 1979, between said Wacker Chemical Corporation and the Trustee.

SECTION 1.02. Findings and Determinations of Port. Under the Act, the Port is authorized (1) to acquire land and construct buildings or other improvements and to acquire personal properties suitable for use by any industry for the manufacturing, refining, processing or assembling of any agricultural, mining or other products and (2) to issue and sell its revenue bonds without the necessity of the voters of the Port authorizing the same, which bonds shall not in any manner or to any extent be a general obligation of the Port nor a charge upon the tax revenues of the Port nor a charge upon any other revenue or property of the Port not specifically pledged thereto. In order to promote the purposes of the Act, it is hereby found and determined that it is advisable and desirable that the Port acquire, construct and install the Project and issue its revenue bonds to finance the cost of such acquisition, construction and installation, which revenue bonds shall be payable solely from the sale of the Project to the Corporation.

SECTION 1.03. Pledge of Sale Agreement. All right, title and interest of the Port in and to the Sale Agreement, other than the indemnity provisions contained in Section 4.07 of the Sale Agreement and all the Revenues are hereby pledged for the payment of the principal of, redemption premium, if any, and interest on the Bonds in accordance with their terms and the provisions of this Ordinance. The Bonds, together with the interest thereon, are limited obligations of the Port payable solely from the Revenues, the proceeds of the Bonds and the income earned by the investment of funds under this Ordinance, and the Bonds and Sale Agreement shall not constitute an indebtedness or a charge against the general credit or taxing power of the Port within the meaning of any constitutional or charter provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Port.

SECTION 1.04. Mortgage. The Port in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the Port of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the terms

and provisions of the Sale Agreement, grant, bargain, sell and convey, as of the 15th day of April 1979, unto First National Bank of Oregon, Portland, Oregon, as Trustee, and unto its successors in trust, and to its assigns forever, for the securing of the performance of the obligations of the Port hereinafter set forth, the Project, as more fully described in Exhibits A and B attached hereto, subject to Permitted Encumbrances and the rights of the Corporation under the Sale Agreement, together with tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining to have and to hold the same, with the appurtenances, unto the said Trustee, his liens and assigns forever. This Mortgage is intended to secure the payment of the Bonds in accordance with the terms of the Sale Agreement and this Ordinance.

In trust nevertheless, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders and owners of the Bonds and Coupons thereto appertaining issued under and secured by this Ordinance without privilege, priority or distinction as to the lien or otherwise of any of the Bonds or Coupons thereto appertaining over any of the others of the Bonds or Coupons; provided, however, that if the Port shall pay or cause to be paid to the holders and owners of the Bonds and bearers of Coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, then these presents and the estate and rights hereby granted shall, at the option of the Port, cease, determine and be void, and thereupon the lien of this Ordinance shall be cancelled and discharged and the Trustee shall execute and deliver to the Port such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the Port the estate hereby conveyed.

SECTION 1.05. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Port and the holders from time to time of the Bonds and coupons.

SECTION 1.06. Approval and Authorization of Sale Agreement and Assignment to Trustee. The Sale Agreement and the Assignment dated as of April 15, 1979 from the Port to the Trustee attached to said Sale Agreement, and the Agency Agreement with exhibits attached thereto between the Port and ABD Securities Corporation and Euro Partners Securities Corporation, in substantially the forms submitted to this meeting be, and hereby are, approved and the President or Vice President of the Port be, and he hereby is, authorized to execute said Sale Agreement and said Assignment and to execute said Agency Agreement for and on behalf of the Port and the Secretary or Assistant Secretary of the Port is hereby authorized to attest the Sale Agreement and the Assignment and affix thereto the seal of the Port, with such changes in each of them as the officer executing the

same shall approve, such approval to be conclusively evidenced by such officer's execution thereof.

ARTICLE II

Description; Authorization; Manner of Execution; Authentication; Registration and Transfer of Bonds

SECTION 2.01. Issuance of Bonds in one or more Series. The Bonds may, at the election of the Port, be issued in one or more Series and, except as hereinafter provided, shall be designated generally as "Industrial Development Revenue Bonds (Wacker Siltronic Corporation Project)", with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Port may determine. Each Bond shall bear upon the face thereof the designation so selected for the Series to which it belongs.

SECTION 2.02. Creation and Particulars of 1979 Series Bonds. There shall be issued under and secured by this Ordinance a Series of Bonds to be designated "Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)" in the aggregate principal amount of $1,000,000.

The 1979 Series Bonds shall be issued and secured by and in accordance with this Ordinance in the aggregate principal amount of $1,000,000 for the purpose of financing the Project; shall be dated as of April 15, 1979 in the case of coupon 1979 Series Bonds and shall be dated, in the case of registered 1979 Series Bonds, the April 15 or October 15 next preceding the date of its authentication to which interest has been paid or duly provided for (except that if any registered 1979 Series Bonds shall be authenticated on any April 15 or October 15 to which interest has been paid, it shall be dated as of such date, or if it shall be authenticated prior to October 15, 1979, it shall be dated April 15, 1979); shall mature (subject to the right of prior redemption upon the terms and conditions hereinafter set forth) on April 15, 1991 and shall bear interest (payable semi-annually on April 15 and October 15, commencing October 15, 1979) at the rate of 6 1/8% per annum.

The 1979 Series Bonds may be redeemed in whole or in part on any interest payment date, upon payment of the principal amount of the 1979 Series Bonds to be redeemed together with unpaid interest accrued to the date fixed for redemption, without redemption premium or prepayment penalty, all in the manner and subject to the provisions of Article VIII of this Ordinance.

The 1979 Series Bonds shall be redeemed in part from time to time by application of moneys in the Bond Fund, created by Section

6.02 of this Ordinance, on April 15 in each of the years 1985 to 1991, inclusive, upon payment of the principal amount hereof, together with, in each such case, unpaid interest accrued to the dates fixed for redemption, in the manner and subject to the provisions of this Ordinance.

Sinking Fund Requirements are hereby established for the 1979 Series Bonds in the respective amounts set forth in the following table and such amount shall be deposited to the credit of the Bond Fund in the manner provided in this Ordinance (provided, however, any amount deposited shall not exceed the principal amount of the 1979 Series Bonds outstanding at the date of the deposit) on April 15 of each of the years set forth opposite such amounts in said table:

Year	Principal Amount
1985	$140,000
1986	140,000
1987	140,000
1988	145,000
1989	145,000
1990	145,000
1991	145,000

In the manner and with the effect provided in this Ordinance, the 1979 Series Bonds will be subject to mandatory redemption prior to maturity, subject to the provisions of Article VIII of this Ordinance, as follows:

A. The 1979 Series Bonds shall be subject to mandatory redemption in whole on any date within 180 days after receipt by the Trustee of notice of:

(i) the issuance of a published or private ruling of the Internal Revenue Service in which the Corporation has participated to the degree it deems sufficient and which ruling the Corporation, in its discretion, does not contest by an appropriate proceeding directly through a Bondholder,

(ii) final determination by a court of competent jurisdiction in the United States in a proceeding to which the Corporation is a party, or

(iii) enactment of any amendment to the Internal Revenue Code of 1954, as amended, or the promulgation of or amendment to Treasury Department Regulations, or any other change in present law,

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to the effect that the interest payable on the 1979 Series Bonds is includable in the gross income for Federal income tax purposes of the holders thereof (other than a "substantial user" of the Project or a "related person" as provided in Section 103(b)(8) of the Internal Revenue Code of 1954, as amended), provided, however, that the Corporation may, at its option, not be obligated to redeem the 1979 Series Bonds as provided herein if interest payable on the 1979 Series Bonds is includable for Federal income tax purposes in the gross income of the holders thereof (other than a "substantial user" of the Project or a "related person") due to the occurrance of an event in (iii) above and the Corporation upon written notification to the holders of the 1979 Series Bonds within thirty days of receipt of notice from the Trustee of its mandatory redemption obligation hereunder, agrees (a) to pay interest on the outstanding principal amount of the 1979 Series Bonds in an amount equal to 11.34% from the date on which interest on the 1979 Series Bonds was included in such holders' gross income to the maturity date (as defined below) of the 1979 Series Bonds, minus the amount of interest actually paid on the 1979 Series Bonds from the date of the inclusion of interest in the gross income of the holder and (b) that the maturity date of the 1979 Series Bonds shall be changed to April 15, 1989 and all outstanding principal on the 1979 Series Bonds plus unpaid interest accrued to such maturity date shall be payable on such maturity date. The 1979 Series Bonds redeemed under this subparagraph (A) shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date.

B. The 1979 Series Bonds shall be subject to mandatory redemption in whole on the next applicable interest payment date, which shall be not less than 60 days from the date of receipt of notice from the Bondholders by the Corporation as provided in Section 4.05 of the Sale Agreement, after receipt by the Trustee of notice from the Corporation to the effect that a majority of the holders of the 1979 Series Bonds then Outstanding have elected on behalf of all of said Bondholders to require the redemption of the 1979 Series Bonds based upon both of the conditions in either of subparagraphs (a) or (b) below existing or the condition in subparagraph (c) below existing.

(a) Wacker Chemie GmbH ("Chemie"), a German corporation, shall own directly or indirectly less than 100% but more than 75% of the voting stock of the Corporation and the Corporation shall have a net worth, as determined in accordance with generally accepted accounting principles ("Net Worth") of less than $6,000,000; or

(b) Chemie shall own directly or indirectly less than 75% but more than 51% of the voting stock of the

Corporation and the Corporation shall have a Net Worth of less than $10,000,000; or

(c) Chemie shall own directly or indirectly less than 51% of the voting stock of the Corporation.

The 1979 Series Bonds redeemed under this subparagraph B shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date.

The 1979 Series Bonds shall be numbered in such manner as the Port, with the concurrence of the Trustee, shall determine. Coupon 1979 Series Bonds shall be in the denomination of $5,000 each. Registered 1979 Series Bonds shall be in the denomination of $5,000 each, or any integral multiple thereof, not exceeding the aggregate principal amount of said Bonds maturing in any year. Coupon 1979 Series Bonds and the interest thereon shall be payable to bearer upon presentation and surrender of such Bonds or interest coupons as they respectively become due at the Corporate Trust Office. The 1979 Series Bonds may be issued in printed, lithographed or typewritten form.

The principal of Registered 1979 Series Bonds or Coupon 1979 Series Bonds registered as to principal which have matured or have been called for redemption shall be payable to the Registered Owner thereof or his assigns upon surrender thereof at the Corporate Trust Office for such purpose. The interest on any Registered 1979 Series Bonds when due and payable shall be paid to the Registered Owner thereof by check or draft mailed to such Person at his address last appearing on the Bond Register. All payments of principal and interest on the Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Bond Purchase Agreement as submitted to this meeting, with such changes as shall be approved by the President or Secretary of the Port, be and the same is hereby approved.

The 1979 Series Bonds are hereby sold to the purchasers as listed in Schedule A of the Bond Purchase Agreement at a purchase price of 100% of the principal amount of the 1979 Series Bonds plus accrued interest on the 1979 Series Bonds from April 15, 1979 to the date of delivery and payment therefor, on the terms and conditions set forth in the Bond Purchase Agreement, and the President or Vice President of the Port is hereby authorized and directed to execute the Bond Purchase Agreement and to deliver the same to the said purchasers.

The President or the Vice President of the Port and the Secretary or an Assistant Secretary of the Port, and any other proper

officer of the Port, be and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary by this Ordinance.

SECTION 2.03. **Provisions of Bonds Other than 1979 Series Bonds.** Subject to determination from time to time by the Port, as expressed from time to time in one or more Supplemental Ordinances, the Bonds of any Series other than the 1979 Series Bonds:

(a) shall be dated, shall bear interest at a rate or rates not in excess of the maximum rate then permitted by applicable law, shall be payable and shall mature by their terms at such time or times as may be provided in the Supplemental Ordinance creating the Series of which such Bonds are a part;

(b) shall be payable, both as to principal and interest and redemption premium (if any), at such place or places as the Port may determine in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts;

(c) may have such registration privileges and such exchange privileges as may be determined by the Port;

(d) shall have such particular designations added to their title as the Port may determine, and may be in such denominations as may be determined by the Port;

(e) may be limited as to the maximum principal amount thereof which may be authenticated by the Trustee and delivered or which may be at any time outstanding, and an appropriate insertion in respect of such limitation may, but need not, be made in the Bonds of such Series;

(f) may contain provisions for the redemption thereof at such redemption price or prices, at such time or times, upon such notice, in such manner and upon such other terms and conditions, not inconsistent with the provisions of Article VIII of this Ordinance and the terms of the Sale Agreement, as may be determined by the Port and permitted by applicable law;

(g) may have mandatory provisions requiring payments for the purchase and sinking fund redemption of such Bonds, in such amounts, at such time or times,

in such manner and upon such terms and conditions, not inconsistent with the provisions of this Ordinance, as shall be set forth in such Supplemental Ordinance; and

(h) may contain such provisions with respect to acceleration of maturity on the happening of specified events, and such other special terms and conditions, not contrary to the provisions hereof or of the Act, as may be determined by the Port.

SECTION 2.04. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any outstanding Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Port may execute, and upon its request in writing, the Trustee shall authenticate and deliver, a new Bond of the same Series, principal amount and maturity and of like tenor and having attached the same coupons (if any) as the mutilated, lost, stolen or destroyed Bond in exchange and substitution for such mutilated Bond and its coupons (if any), or in lieu of and substitution for such lost, stolen or destroyed Bond and its coupons (if any).

In the event any coupon appertaining to any coupon Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Port may execute, and upon its request in writing, the Trustee shall authenticate and deliver a new Bond of the same Series, principal amount and maturity and of like tenor and having attached coupons corresponding to the coupons appertaining to the coupon Bond to which such mutilated, lost, stolen or destroyed coupon appertained in lieu of and substitution for the coupon Bond and appurtenant coupons to which such mutilated, lost, stolen or destroyed coupon appertained.

Application for exchange and substitution of mutilated, lost, stolen or destroyed Bonds and coupons shall be made to the Trustee at the Corporate Trust Office. In every case the applicant for a substitute Bond shall furnish to the Port and to the Trustee such security or indemnity as may be required by them to hold each of them and any Paying Agent harmless. In every case of loss, theft or destruction of a Bond or a coupon, the applicant shall also furnish to the Port and to the Trustee evidence to their satisfaction of the loss, theft or destruction and of the ownership of such Bond or coupon, as the case may be, and in every case of mutilation, loss, theft or destruction of a coupon or coupons only, the applicant shall surrender the Bond to which the coupon or coupons so mutilated or lost, stolen or destroyed appertain, with all coupons appertaining thereto (including any mutilated coupons) not lost, stolen or destroyed. In every case of mutilation of a Bond only, the applicant shall surrender the Bond so mutilated together with all coupons (if any) appertaining thereto.

Notwithstanding the foregoing provisions of this Section 2.04, in the event any such Bond or coupon shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium (if any) or interest on the Bonds, the Port may authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond or coupon) instead of issuing a substitute Bond and coupons (if any) provided security or indemnity is furnished as above provided in this Section 2.04.

Upon the issuance of any substitute Bond, the Port and the Trustee may charge the holder of such Bond with their reasonable fees and expenses in connection therewith. Every substitute Bond (and any coupon or coupons attached thereto) issued pursuant to the provisions of this Section 2.04 by virtue of the fact that any Bond or any coupon is lost, stolen or destroyed shall constitute an original additional contractual obligation of the Port, whether or not the lost, stolen or destroyed Bond or coupon shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionally with any and all other Bonds and coupons duly issued under this Ordinance to the same extent as the Bonds and coupons in substitution for which such Bonds and coupons were issued.

The provisions of this Section 2.04 are exclusive and shall preclude (to the extent lawful) all of the rights and remedies with respect to the payment of mutilated, lost, stolen or destroyed Bonds or coupons, including those granted by any law or statute now existing or hereafter enacted.

SECTION 2.05. Temporary Bonds. Until Bonds in definitive form of any Series, other than 1979 Series Bonds, are ready for delivery, the Port may execute, and upon its request in writing, the Trustee shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bonds in temporary form, substantially of the tenor of the Bonds hereinbefore described in this Article II, without coupons or with one or more coupons attached, and with appropriate omissions, variations and insertions. Bonds in temporary form will be for such principal amounts as the Port shall determine. This Section 2.05 shall not apply to the 1979 Series Bonds which shall not be issued in temporary form.

Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Ordinance. The Port shall, without unreasonable delay, prepare, execute and deliver to the Trustee, and thereupon, upon the presentation and surrender of such Bond or Bonds in temporary form to the Trustee at the Corporate Trust Office, the Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds of the same maturity and Series, in definitive form in the authorized denominations, and for the same aggregate principal amount, as such Bond or Bonds in

temporary form surrendered. Such exchange shall be made at the Port's own expense and without making any charge therefor to any Bondholder.

SECTION 2.06. Execution of Bonds and Coupons; Effect of Change of Officers. All the Bonds shall, from time to time, be executed on behalf of the Port by, or bear the manual or facsimile signature of, the President of the Port and its corporate seal (which may be facsimile) shall be thereunto affixed (or imprinted or engraved if facsimile) and attested by the manual or facsimile signature of the Secretary or any Assistant Secretary of the Port, provided at least one signature is manual. The coupons to be attached to the coupon Bonds shall bear the signatures (which may be facsimile) of the President and the Secretary or any Assistant Secretary of the Port.

If any of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall be upon the Bonds or the coupons shall cease to be such officer of the Port before the Bonds so signed and sealed shall have been actually authenticated by the Trustee or delivered by the Port, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds or whose facsimile signature shall be upon the Bonds or the coupons had not ceased to be such officer or officers of the Port; and also any such Bond may be signed and sealed on behalf of the Port by those persons who, at the actual date of the execution of such Bond, shall be the proper officers of the Port, although at the date of such Bond any such person shall not have been such officer of the Port.

SECTION 2.07. Interchangeability of Bonds.

1. Coupon Bonds, upon surrender thereof at the Corporate Trust Office with all unmatured coupons and any matured coupons in default attached, may, at the option of the holder thereof, and upon payment by such holder of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.09 of this Ordinance, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any authorized denomination.

2. If such coupon Bonds shall be registered as to principal, they shall be accompanied by an assignment duly executed by the Registered Owner or his attorney or legal representative in such form as shall be satifactory to the Bond Registrar.

3. Registered Bonds, upon surrender thereof at the Corporate Trust Office with a written instrument of transfer in form satisfactory to the Bond Registrar, duly executed by the Registered Owner or his attorney duly authorized in writing, may, at the option of the Registered Owner thereof, and upon payment by such Registered

Owner of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.09 of this Ordinance, be exchanged for an equal aggregate principal amount of coupon Bonds, of the same Series and maturity with all unmatured coupons and any matured coupons in default thereto appertaining attached, or for registered Bonds of the same Series and maturity of any other authorized denomination and registered in the name of the same Registered Owner.

SECTION 2.08. Negotiability; Registration and Transfer.

1. Title to any coupon Bond, unless such Bond is registered as to principal, and to any coupon, shall pass by delivery as negotiable instruments payable to bearer.

2. The transfer of registered Bonds without coupons shall be registered on the Bond Register, which shall be kept for this purpose at the Corporate Trust Office, upon surrender thereof by the Registered Owner in person or by his attorney duly authorized in writing together with a written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the Registered Owner or his attorney duly authorized in writing and upon payment by such Registered Owner of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.09 of this Ordinance. Upon any such registration or transfer, the Port shall issue in the name of the transferee a new registered Bond or Bonds of the same Series and maturity without coupons, or, at the option of the transferee, coupon Bonds of the same Series and maturity with coupons attached representing all interest due or to become due thereon, in an aggregate principal amount of such registered Bond without coupons. At the option of the holder, any coupon Bond may be registered as to principal on the Bond Register upon presentation thereof to Trustee which shall make notation of such registration thereon. Any such Bond registered as to principal may thereafter be transferred only upon an assignment duly executed by the Registered Owner or his attorney duly authorized in writing together with a written instrument of transfer in such form as shall be satisfactory to the Bond Registrar and upon payment of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.09 of this Ordinance, such transfer to be made on such books and endorsed on the Bond by Trustee. Such transfer may be to bearer and thereby transferability by delivery shall be restored; subject, however, to successive registrations and transfers as before.

3. The Port, Trustee, Bond Registrar and any Paying Agent may deem and treat the Registered Owner of any registered Bond without coupons or coupon Bond registered as to principal as the absolute owner of such Bond for the purpose of receiving any payment on such Bond and for all other purposes of this Ordinance and the Sale Agreement, whether such Bond shall be overdue or not, and neither the

port, nor Trustee, nor Bond Registrar nor any Paying Agent shall be affected by any notice to the contrary. Payment of, or on account of, the principal of and premium, if any, and interest on any registered Bond without coupons and payment of the principal of and premium, if any, on any coupon Bond registered as to principal shall be made to such Registered Owner or upon his written order but the coupons appertaining to any coupon Bonds registered as to principal shall remain payable to bearer notwithstanding such registration. All such payments shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid.

4. The Port, Trustee, Bond Registrar and any Paying Agent may deem and treat the bearer of any coupon Bond not registered as to principal or any coupon appertaining to a Bond as the absolute owner thereof, whether or not such Bond or coupon shall be overdue, for the purpose of receiving any payment on such Bond or coupon and for all other purposes of this Ordinance and the Sale Agreement and neither the Port, not Trustee, nor Bond Registrar nor any Paying Agent shall be affected by any notice to the contrary. Payment of, or on account of, the principal of and redemption premium, if any, on any such Bond and of the interest represented by any such coupon shall be made only to the bearer thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds and coupons to the extent of the sum or sums so paid.

5. All Bonds issued under this Ordinance, whether in bearer form with coupons attached or registered form shall have such attributes of negotiability as are provided for under the laws of the State of Oregon.

SECTION 2.09. Regulations with Respect to Exchange and Transfer. In all cases in which the privilege of exchanging Bonds or registering the transfer of Bonds is exercised, the Port shall execute and Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. All Bonds and coupons surrendered in any such exchanges or upon any such registration or transfer shall forthwith be delivered to Trustee and cancelled by it. There shall be no charge for any exchange or registration or transfer of Bonds, but the Port may require the payment of a sum sufficient to pay any tax or other governmental charge required to be paid with respect to any such exchange or registration of transfer; provided the costs of printing Bonds in coupon or registered forms shall be paid pursuant to Section 3.03 of the Sale Agreement or if insufficient moneys are held in the Construction Fund to pay the costs, the Corporation shall bear such costs. Neither the Port nor Trustee shall be required (a) to register the transfer of or exchange any Bond for a period of ten (10) days next preceding any interest payment date on such Bond or (b) to register the transfer of or exchange any Bond for a period of sixty (60) days next preceding any selection of Bonds of the same Series and maturity as such Bond to be redeemed

and thereafter until after the first publication or mailing of any notice of redemption or (c) to register the transfer or exchange any Bond called for redemption in whole or in part.

SECTION 2.10. Endorsement of Trustee's Certificate of Authentication on Bonds. No Bond or any coupon appurtenant thereto shall be secured by this Ordinance or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be endorsed on such Bond the Trustee's certificate of authentication, substantially in the form prescribed in this Ordinance, executed by the manual signature of a duly authorized officer of the Trustee; and such certificate on any Bond issued by the Port shall be conclusive evidence and the only competent evidence that such Bond has been duly authenticated and delivered under this Ordinance.

SECTION 2.11. Cancellation of Coupons and Bonds. Upon the surrender to the Trustee of any temporary or multilated Bond, or any Bond transferred or exchanged for another Bond or Bonds, or any Bond acquired, redeemed, received by the Trustee as a credit to reduce any Bond Sinking Fund payment or paid at maturity, the same together with all unmatured coupons (if any) appurtenant to any such Bond, or coupons paid or surrendered for cancellation, shall forthwith be cancelled and, at the written request of the Port, be cremated or otherwise destroyed by the Trustee, and the Trustee shall, if such Bond or coupons are so cremated or destroyed, deliver its certificate of such cremation or other destruction to the Port.

SECTION 2.12. Payment of Interest on Coupons. The interest on coupon Bonds shall be payable only on presentation and surrender of the several coupons for such interest as they respectively become due.

SECTION 2.13. Bonds are Limited Obligations of Port. The Bonds, together with the interest thereon, are limited obligations of the Port payable solely from the revenues and receipts derived by the Port from or in connection with the Project, including payments received under the Sale Agreement (except indemnification payments paid pursuant to Section 4.07 of the Sale Agreement and payment of attorneys' fees and other expenses pursuant to Section 7.04 of the Sale Agreement) and the payments under the Guarantee. The Bonds and the interest thereon shall not constitute general debts, liabilities or obligations of the Port or debts, liabilities or obligations of the State of Oregon or of any political subdivision of such State and neither said State nor any such political subdivision shall be liable thereon. The holders of the Bonds shall not have the right to compel any exercise of the ad valorem taxing power of the State of Oregon or any political subdivision thereof to pay the Bonds or the interest thereon. The Port shall not be obligated to pay the Bonds or the interest thereon except from the revenues and receipts derived by the Port from or in connection with the Project as aforesaid. Neither the faith and credit nor the taxing power of Issuer or the State of

Oregon or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. Each Bond shall contain on the face thereof a statement to the effect of the preceding three sentences.

ARTICLE III

Authentication and Delivery of Bonds

SECTION 3.01. Limitation of Principal Amount of Bonds; Bonds Equally and Ratably Secured. The aggregate principal amount of Bonds which may be executed by the Port and authenticated by the Trustee and delivered and secured by this Ordinance is not limited, except as is or may hereafter be provided in this Ordinance or as may be limited by law. This Ordinance creates and shall be and constitute a continuing, irrevocable and exclusive lien upon, and pledge of, the Revenues, the proceeds received by the Port from the sales of the Bonds and the income earned by the investment of funds under this Ordinance to the extent provided in this Ordinance. All Bonds issued and to be issued hereunder are, and are to be, to the extent provided in this Ordinance, equally and ratably secured by this Ordinance without preference, priority or distinction on account of the actual time or times of the authentication or delivery or maturity of the Bonds and coupons, or any of them, so that, subject as aforesaid, all Bonds and coupons at any time outstanding hereunder shall have the same right, lien and preference under and by virtue of this Ordinance and shall all be equally and ratably secured hereby with like effect as if they had been all executed, authenticated and delivered simultaneously on the date hereof, whether the same or any of them shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date, or whether they, or any of them, shall have been authorized to be authenticated and delivered under Section 3.02 or may be authorized to be authenticated and delivered hereafter pursuant to Sections 2.04, 2.05, 2.07, 2.08, 3.03, 3.04 or 8.04 of this Ordinance.

SECTION 3.02. 1979 Series Bonds to be Authenticated and Delivered by Trustee Upon Receipt of Certain Items. 1979 Series Bonds in the aggregate principal amount of One Million Dollars ($1,000,000), being the first Series of Bonds issued under this Ordinance, shall forthwith be executed by the Port and delivered to the Trustee for authentication, together with a statement as to the amount and disposition of the proceeds of the sale of such principal amount of said Bonds, and thereupon the 1979 Series Bonds shall be authenticated by the Trustee and shall be delivered to or upon the written order of the President of the Port, but only upon the receipt by the Trustee of the aforesaid proceeds of sale of which an amount equal to the interest on said Bonds accrued to the date of delivery thereof shall be deposited in the Bond Fund and the balance thereof shall be deposited in the Construction Fund. Prior to authentication

and delivery of the 1979 Series Bonds by the Trustee, the Trustee shall also have received the following:

(a) A copy of the resolution or resolutions adopted by the Port providing for the terms and details of the 1979 Series Bonds, duly certified by the Secretary of the Port, under its corporate seal, to have been duly adopted by the Port and to be in full force and effect on the date of such certification;

(b) A copy of this Ordinance, duly certified by the Secretary of the Port, under its corporate seal, to have been duly adopted by the Port and to be in full force and effect on the date of such certification;

(c) An Opinion of Counsel, addressed to the Trustee, as to the validity of the issuance of the 1979 Series Bonds and as to the taxability of the income from such Bonds under the Internal Revenue Code of 1954, as amended; and

(d) An original executed counterpart of the Sale Agreement and the Guarantee;

SECTION 3.03. Issuance of Additional Bonds with Respect to Project. Subsequent to the authentication, issuance and delivery of the 1979 Series Bonds, one or more Series of Additional Bonds may be authenticated by the Trustee and delivered upon original issuance for the purpose of providing funds to pay any one or more of the following (i) the Cost of completion of the Project and (ii) the Cost of making, at any time and from time to time such substitutions, additions, modifications and improvements in, on or to the project as the Corporation may deem desirable. Such Additional Bonds shall be on a parity with and secured in the same manner as all other Bonds then outstanding. The Port may execute and deliver to Trustee, and Trustee shall thereupon authenticate such Additional Bonds and deliver them to the purchaser or purchasers thereof, provided that, prior to such delivery, there shall have been delivered to Trustee:

(a) A copy of the Supplemental Ordinance enacted by the Port authorizing such Additional Bonds and, providing for the terms and conditions upon which such Bonds are to be issued and authorizing execution and delivery by the Port of any agreement which is necessary to amend the Sale Agreement to (i) increase or adjust the payments to be made under the Sale Agreement to an amount sufficient to pay, as and when the same mature or become due, the principal of and interest on all outstanding Bonds, including such

additional Bonds (except to such extent as the same may be payable out of moneys then in the Bond Fund or otherwise on deposit with the Trustee in accordance with this Ordinance), (ii) include as part of the Project all machinery, equipment, facilities, land and rights in land to be financed by the issuance and sale of such Additional Bonds, and (iii) make such other revisions to the Sale Agreement as are necessitated by the issuance of such Additional Bonds; provided, however, that such other revisions shall not prejudice the rights of the holders of outstanding Bonds as granted them under the terms of this Ordinance; duly certified by the Secretary of the Port, under its corporate seal, to have been duly enacted by the Port and to be in full force and effect on the date of such certification, together with a duly executed counterpart of such amendatory agreement;

(b) A written statement by the Corporation and Wacker (i) approving the issuance and delivery of such Additional Bonds and (ii) certifying that the Corporation is not then in default under the Sale Agreement;

(c) Copies, duly certified by the Secretary of the Port, of any approvals required under the Act for the issuance of such Additional Bonds;

(d) An opinion of counsel to the Port, addressed to the Trustee, to the effect that all of the conditions precedent to the issuance of such Additional Bonds set forth in this Ordinance, the Supplemental Ordinance and the Act have been satisfied and with respect to such other matters as the Trustee may reasonably request;

(e) A written order by the President of the Port requesting and authorizing the Trustee on behalf of the Port to authenticate and deliver such Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the sum specified therein as the amount of the proceeds of the sale of the Additional Bonds being sold which shall include an amount equal to any accrued interest to the date of delivery of such Additional Bonds;

(f) An amendment to the Guarantee, or a separate guaranty containing the same provisions as the Guarantee and satisfactory to Trustee and its counsel and the Port as to form and content, signed by Wacker and accepted by Trustee, pursuant to which the amount

due under the Guarantee, as amended, or the Guarantee and such separate guaranty shall equal the principal of and the premium, if any, and the interest on, all outstanding Bonds including such Additional Bonds; provided, however, that no such amendment or separate guaranty need be delivered if, in an Opinion of Counsel, the amounts required to be paid or provided in accordance with the Guarantee, will, if so paid, be sufficient for such full payment;

(g) An Opinion of Counsel experienced in matters relating to the validity of and tax exemption of interest on the obligations of states and their political subdivisions addressed to Trustee, to the effect that all of the conditions precedent to the issuance of such Additional Bonds set forth in this Ordinance and the Supplemental Ordinance authorizing such Additional Bonds have been satisfied and that such issuance will not impair the exemption of interest on the Bonds then outstanding from Federal income taxation.

The proceeds of such Additional Bonds shall be deposited with and held and disbursed by the Trustee as provided in the Supplemental Ordinance providing for such Additional Bonds.

SECTION 3.04. Issuance of Additional Bonds for Refunding Purposes. The Port, if and to the extent authorized by law, in addition to the Bonds authorized to be executed, authenticated and delivered pursuant to the other provisions of this Article III, may execute and deliver to the Trustee, and the Trustee shall thereupon authenticate and deliver to or upon the written order of the President of the Port, Additional Bonds, which shall be on parity with and secured in the same manner as all other Bonds then outstanding, for the purpose of refunding all or any part of the Bonds of any one or more Series issued under the provisions of this Ordinance and then outstanding, but only upon the receipt by the Trustee, in addition to the items required under Section 3.03 of this Ordinance, of:

(a) a copy of a resolution or resolutions adopted by the Port describing the Series of Bonds to be refunded and authorizing all necessary action in connection with the refunding thereof pursuant to the provisions of this Ordinance and stating the estimate by the Port of its expenses in connection with the issuance of such Additional Bonds, certified by the Secretary of the Port under its corporate seal to have been duly adopted by the Port and to be in full force and effect on the date of such certification;

(b) evidence satisfactory to the Trustee that notice of redemption of the Bonds to be redeemed has been published or given as provided in this Ordinance, or that provisions satisfactory to the Trustee have been made for the publication or giving of such notice; and

(c) the proceeds (including accrued interest and any premium) of such Additional Bonds and investment income therefrom as provided in Section 14.02 hereof, if any, which, exclusive of accrued interest, shall be not less than an amount sufficient (together with any other moneys available to the Trustee for such purpose) to pay any interest on the Bonds of each Series to be refunded to maturity or to date fixed for redemption thereof, the principal of and the redemption premium (if any) on the Bonds to be refunded, plus the amount estimated by the Port as necessary for payment of its expenses in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds.

The amount estimated by the Port for payment of its expenses in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds shall be set aside by the Trustee out of such proceeds and applied by it in payment of such expenses upon receipt of an Officers' Certificate in substantially the form of the requisition described in Section 5.03 of this Ordinance. The balance of such proceeds shall be held and applied by the Trustee in the manner hereinafter in this Section 3.04 set forth. Any amount of the moneys set aside for the payment of such expenses remaining after receipt of any Officers' Certificate to the effect that all such expenses have been paid or provided for shall be transferred by the Trustee to the Bond Fund.

Simultaneously with the delivery of such Additional Bonds, the Trustee shall withdraw from any sums then available for payment of interest on the Bonds to be refunded an amount sufficient (together with any excess of the proceeds of such Additional Bonds over the amount required for paying the principal of and the redemption premium (if any) on the Bonds to be refunded, after excluding from such proceeds accrued interest and excluding the amount set aside for the payment of the expenses of the Port in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds, but including any premium) to pay the interest on the Bonds to be refunded which will become payable on or prior to their maturity or the date fixed for their redemption, as the case may be. The amount so withdrawn and the proceeds of such Additional Bonds (excluding accrued interest and the amount set aside for the payment of the expenses of the Port in connection with the redemption of the Bonds to be refunded and the issuance of such Additional

Bonds, but including any premium) shall be held by the Trustee in trust for the sole and exclusive purpose of paying the principal of and interest and redemption premium (if any) on the Bonds to be refunded. The amount paid as accrued interest on such Additional Bonds shall be deposited by the Trustee in the Bond Fund.

ARTICLE IV

Construction of Project

SECTION 4.01. Construction of Project; Changes in Plans and Specifications. In the Sale Agreement the Corporation has agreed to acquire, construct and install the Project, or cause the Project to be acquired, constructed and installed, substantially in accordance with the Plans and Specifications.

The Corporation may revise the Plans and Specifications at any time and from time to time prior to the Completion Date. No revision in the Plans and Specifications will be made in the course of construction of the Project unless and until such revision shall have been certified by an Authorized Company Representative and filed with the Port. No material change in the Plans and Specifications shall be made unless (i) a copy of each such revision, duly certified by an Authorized Company Representative, shall be filed with the Port; (ii) an Authorized Company Representative shall certify to the Trustee that such revision is for the purpose of accommodating technological changes; and (iii) the Trustee shall be furnished with either an unqualified Opinion of Counsel experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions or a ruling of the Internal Revenue Service that such revision and the expenditure of moneys from the Construction Fund to pay the Cost of the Project in accordance with such revision will not impair the exemption of interest on outstanding Bonds from Federal income taxation.

ARTICLE V

Construction Fund

SECTION 5.01. Creation of Construction Fund. There is hereby created and established with the Trustee a trust fund, to be designated "Port of Portland Industrial Development Construction Fund - Wacker Siltronic Corporation Project". The Port shall pay to the Trustee the proceeds from the sale by the Port of each Series of Bonds, and the Trustee shall deposit the same in the Construction Fund, except that an amount thereof equal to the interest accrued on such Series of Bonds to the date of their delivery to the initial purchasers thereof shall be deposited by the Trustee in the Bond Fund.

SECTION 5.02. **Applications of Moneys in Construction Fund.** The moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project, shall be held in trust by the Trustee and, pending such application shall be subject to a lien and charge in favor of the holders of the Bonds and for the further security of such holders until paid out as herein provided.

SECTION 5.03. **Construction Fund Requisitions.** The Trustee shall make payments from the Construction Fund to pay the Cost of the Project upon receipt by the Trustee of requisitions (upon which both the Trustee and the Port shall rely and shall be protected in relying) signed by an Authorized Company Representative, stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the Person to whom payment is due (or, in the case of payments to the Bond Fund, instructions to make such payments to the Bond Fund), (3) the amount to be paid, and (4) that each obligation, item of cost or expense mentioned therein has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous withdrawal. The Port shall receive from the Corporation a copy of all such requisitions within 1 day from receipt thereof by the Trustee.

SECTION 5.04. **Retention of Requisitions.** For seven years from the date thereof the Trustee shall retain in its possession all requisitions received by it as in this Ordinance required, subject to the inspection of the Port, its agents and representatives, the Corporation and the Bondholders and their representatives at all reasonable times at the Corporate Trust Office.

SECTION 5.05. **Completion of Project.** Upon completion of the Project described in Exhibit A to the Sale Agreement or completion of any enlargements, improvements or extensions thereof or completion of any additional industrial development facilities at the Plant, in accordance with the Plans and Specifications, the Trustee shall be furnished with a certificate of an Authorized Company Representative showing such completion and the date thereof and the payment of the Cost of construction thereof or the provisions necessary to be made for payment thereof. Thereupon, any balance in the Construction Fund not reserved for the payment of any remaining part of the Cost of any of the foregoing shall be applied in accordance with the provisions of Section 3.06 of the Sale Agreement.

Upon written notification to the Trustee from the Corporation (a) that the Project will not be completed for any of the reasons specified in the second paragraph of Section 3.01 of the Sale Agreement at a time when there are surplus funds remaining in the Construction Fund and (b) that such surplus funds will not be applied to the acquisition, construction and installation of other industrial development facilities as permitted by the Sale Agreement, such surplus funds shall be deposited in the Bond Fund.

ARTICLE VI

REVENUES AND BOND FUND

SECTION 6.01. Source of Payment of Bonds. The Bonds herein authorized and all payments by the Port hereunder are not general obligations of the Port but are limited obligations payable solely from revenues and receipts derived from or in connection with the Project as provided in Section 2.13 hereof (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Bonds or to the income from the temporary investment thereof) and as authorized by the Act and provided herein.

The right, title and interest of the Port in the Project has been sold to the Corporation under the Sale Agreement and the purchase price payments provided in Section 4.02 of the Sale Agreement are to be remitted directly to the Trustee for the account of the Port and deposited in the Bond Fund (other than those amounts described in clause (i) of the definition of Administration Expenses). Such purchase price payments, sufficient in amount to insure the prompt payment of the principal of and premium, if any, and interest on the Bonds, are pledged to such payment.

SECTION 6.02. Creation of the Bond Fund. There is hereby created by the Port and ordered established with Trustee a trust fund to be designated "Port of Portland Industrial Development Bond Fund-Wacker Siltronic Corporation Project", which shall be used to pay the principal of and premium, if any, and interest on the Bonds.

SECTION 6.03. Payments into the Bond Fund. There shall be deposited in the Bond Fund all accrued interest received at the time of the issuance and delivery of the Bonds. In addition, there shall be deposited in the Bond Fund, as and when received (a) any amount in the Construction Fund directed to be paid into the Bond Fund under Section 3.06 of the Sale Agreement; (b) all purchase price payments specified in the first paragraph of Section 4.02 of the Sale Agreement; (c) all money received for deposit in the Bond Fund pursuant to the Guarantee; and (d) all other moneys received by Trustee under and pursuant to any of the provisions of the Sale Agreement or this Ordinance which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. The Port hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be paid to Trustee for deposit in the Bond Fund for its account, sufficient sums from the revenues and receipts derived by the Port from or in connection with the Project and pledged hereunder, whether or not under and pursuant to the Sale Agreement:

(a) On the business day next preceeding each interest payment date with respect to any Series of Bonds, the sum which, together with other moneys

available therefor in the Bond Fund (including moneys transferred to such Fund for interest on the Bonds), will equal the interest to be paid on such Series of Bonds on such interest payment date; and

(b) On the business day next preceding each Principal Installment Date, the sum which, together with other moneys available therefor in the Bond Fund, will equal the sum of (i) the principal of Bonds of any Series which will mature on such Principal Installment date, (ii) the amount, if any, required to be deposited in the Bond Fund to meet the Sinking Fund Requirement on such Principal Installment date and (iii) any applicable redemption premium.

The Port or the Corporation may, at least 45 days prior to any date on which payment of any Sinking Fund Requirement is due, (a) deliver to Trustee for cancellation Bonds of the Series and maturity for which such Sinking Fund Requirement is established in any aggregate principal amount desired with all unmatured coupons, if any, attached, or (b) request a credit in respect of such Sinking Fund Requirement for any such Bonds which, prior to such Sinking Fund Requirement payment date, have been redeemed or so delivered to Trustee and cancelled by Trustee and which have not theretofore been applied as a credit against any Sinking Fund Requirement, together with an Officer's Certificate or Authorized Company Representative, as the case may be, so specifying. Each such Bond so delivered or previously redeemed will be credited by the Trustee at 100% of the principal amount thereof against such Sinking Fund Requirement, and the principal amount of such Bonds to be redeemed on the due date of such Sinking Fund Requirement will be reduced accordingly.

Subject to and in accordance with the provisions of Article VIII of this Ordinance, Trustee shall on or before the thirtieth day next preceding a Sinking Fund Requirement due date, call for redemption on the following Sinking Fund Requirement due date such amount of Bonds of the Series and maturity for which a Sinking Fund Requirement is established, selected by lot or other manner acceptable to and deemed fair by Trustee, as will exhaust all moneys required to be deposited for the Bonds of such Series in the Bond Fund pursuant to the Sinking Fund Requirement. Accrued interest and premium, if any, on such Bonds so redeemed shall be paid from the Bond Fund, and all expenses in connection with such redemption shall be paid by the Corporation.

Trustee, without further authorization than is in this Section 6.03 contained, shall pay from the moneys in the Bond Fund (i) the interest on the Bonds as and when the same shall become due, provided that such payment of interest on such Bonds with coupons attached shall be made only upon presentation and surrender of the appropriate coupons as they severally mature, and (ii) the principal

of the Bonds as and when the same shall mature, provided that such payment of principal shall be made only upon presentation and surrender of such Bonds as they severally mature.

Whenever so directed by the Corporation, Trustee shall use such moneys in the Bond Fund as the Corporation shall designate to (1) endeavor to purchase Bonds then outstanding on the most advantageous terms obtainable with reasonable diligence, such price not to exceed the then current redemption price of such Bonds, or if no redemption price shall then be currently effective, the redemption price which shall first become effective thereafter as to such Bonds, or (2) call for redemption on the next practical redemption date, such amount of Bonds as the Corporation shall specify. Accrued interest on the Bonds so purchased or redeemed shall be paid from the Bond Fund. All other expenses in connection with such purchase or redemption shall be paid by the Corporation. Any such redemption shall be made subject to and in accordance with the provisions of Article VIII of this Ordinance.

If at any time the aggregate of the amounts then on deposit in the Bond Fund is sufficient to pay when due the principal of and premium, if any, and interest on the Bonds remaining outstanding, together with any payments due to the Trustee and the Port, Trustee shall notify the Corporation that no additional or further payments need be made under this Ordinance, and the Trustee shall apply the moneys then in the Bond Fund to the payment of the principal of and premium, if any, and interest on the Bonds as they mature and to the payments of the amounts, if any, payable to itself as Trustee, to any Paying Agent and to the Port.

SECTION 6.04. Custody of Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the Port, and the Port hereby authorizes and directs Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of and premium, if any, and interest on the Bonds as the same become due and payable, which authorization and direction Trustee hereby accepts.

SECTION 6.05. Non-presentment of Bonds or Coupons. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, or in the event any coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay such Bond or coupon shall have been made available to Trustee for the benefit of the holder or holders thereof, all liability of the Port to the holder thereof for the payment of such Bond or coupon, as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of Trustee to hold such funds, without liability for interest thereon, for the benefit of the holder of such Bond, or the holder of such coupon, as the case may be, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his

part under this Ordinance or on, or with respect to, said Bond or coupon.

SECTION 6.06. Repayment to Corporation from the Bond Fund. Any amounts remaining in the Bond Fund after full payment of the Bonds, all Administration Expenses and expenses and fees of the Trustee, and all other amounts required to be paid hereunder, shall be paid to the Corporation upon the expiration or sooner termination of the Sale Agreement, it being recognized that such amounts shall have been accumulated as the result of overpayments of purchase price payments by the Corporation under the Sale Agreement.

ARTICLE VII

SECURITY FOR AND INVESTMENT OF MONEYS

SECTION 7.01. Moneys to be Held in Trust. All moneys from time to time received by the Trustee and held in any Fund created under this Ordinance shall be held in trust by the Trustee for the benefit of the holders from time to time of the Bonds and coupons entitled to be paid therefrom, subject to the provisions of Section 9.10 of this Ordinance.

SECTION 7.02. Moneys to be Secured. All moneys received by the Trustee under this Ordinance and not invested by the Trustee pursuant to the provisions of Section 7.03 of this Ordinance, to the extent not insured by the Federal Deposit Insurance Corporation or other Federal agency, shall be deposited with a Federal Reserve Bank or with the Trustee, if so authorized by law with respect to trust funds in Oregon, or with a national or state bank or a trust company which has a combined capital and surplus aggregating not less than $15,000,000.

SECTION 7.03. Investment of Moneys. Moneys on deposit to the credit of the Construction Fund or the Bond Fund may be retained uninvested as trust funds and shall, upon receipt from time to time of a certificate of an Authorized Company Representative (or, if the Corporation is in default under the Sale Agreement, an Officers' Certificate) specifying and directing that such investment of such funds be made, be invested by the Trustee, to the extent permitted by law, (i) in direct obligations of, or obligations guaranteed by, the United States of America or the State of Oregon, or (ii) in certificates of deposit of one or more national or state banks (which may include the Trustee) having a combined capital and surplus of not less than $15,000,000, which certificates shall be secured by obligations of the type mentioned in clause (i) above, or (iii) as otherwise permitted by law. The Trustee shall have no obligation to invest any moneys on deposit hereunder in the absence of a certificate of an Authorized Company Representative or an Officers' Certificate as provided in this Section 7.03. Such investments shall

have maturity dates, or shall be subject to redemption by the holder, at the option of the holder, on or prior to the dates the moneys invested therein will be needed for the purposes of such Funds.

The securities purchased with the moneys in each such Fund shall be deemed a part of such Fund and, for the purpose of determining the amount of money in such Fund, the securities therein shall be valued at their cost or market value, excluding accrued interest, whichever is lower. The interest, including realized increment on securities purchased at a discount, received on all such securities (after deduction for accrued interest, commissions, if any, and premium paid from such Fund at time of purchase) shall be deposited by the Trustee in the Fund in which the moneys were originally held and any loss shall be charged to such Fund.

SECTION 7.04. Balance to Corporation Any balance in any of the Funds created under this Ordinance or otherwise held by the Trustee after all the Bonds, together with the interest thereon, and Administration Expenses have been paid in full and all amounts due to the Trustee and the Port have been paid, shall be paid over to the Corporation.

ARTICLE VIII

REDEMPTION OF BONDS

SECTION 8.01. Redemption of Bonds. Any redemption of all or any part of the Bonds which are subject to redemption, including any redemption through the operation of any Sinking Fund Requirement, shall be made in the manner provided in this Article VIII.

SECTION 8.02. Limitations on Redemption. A redemption of Bonds issued under the provisions of this Ordinance and then outstanding shall be either (1) a redemption of the whole or any part of one or more Series from the proceeds of Additional Bonds issued under the provisions of Section 3.04 of this Ordinance; (2) a redemption of the whole or any part of one or more Series from any funds available to the Port for that purpose; (3) a redemption pursuant to the provisions of Section 2.02 or 6.03 of this Ordinance; or (4) a redemption pursuant to the provisions of a Supplemental Ordinance.

Unless otherwise provided in respect of a particular Series of Bonds, if less than all of the Bonds of a Series of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of said maturity to be redeemed shall be selected by lot by the Trustee or in such other manner as the Trustee in its discretion may deem proper in order to assure to each holder of Bonds a fair opportunity to have his Bond or Bonds or portions thereof drawn; provided, however, the Trustee shall treat each such Bond of a denomination of more than $5,000 as representing that number of Bonds

of $5,000 denomination obtained by dividing the principal amount of such Bond by $5,000.

SECTION 8.03. Notice of Redemption. In the case of any redemption, the Trustee shall give in its own name or in the name of the Port notice by publication, as hereinafter in this Section 8.03 provided, that Bonds of a particular Series and maturity date identified by serial numbers have been called for redemption and, in the case of registered Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the outstanding Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Corporate Trust Office, at the applicable redemption price (specifying such price), together with accrued interest to such date, and that all interest on the Bonds or portions thereof, so to be redeemed will cease to accrue on and after such date.

Such notice shall be given by publishing the same once a week for two successive weeks (the first publication to be at least thirty (30) but not more than sixty (60) days before the date fixed for redemption) in a newspaper of general circulation which carries financial news, is printed in the English language and is customarily published on each business day in The City of New York and in a newspaper of general circulation within the Port's boundaries. If any registered Bonds or portions thereof shall be called for redemption, a similar notice shall be mailed by registered or certified mail in a sealed envelope, postage prepaid, at least thirty (30) days prior to the date fixed for redemption , to the Registered Owners of such Bonds, of portions thereof, so called, at their respective addresses as the same shall last appear on the Bond Register; but the mailing of such notice shall not be a condition precedent to such redemption, and failure so to mail such notice shall not affect the validity of such call for redemption.

In case, by reason of the suspension of publication of any authorized newspaper, or by reason of any other cause, it shall be impracticable to make publication of any notice in an authorized newspaper or authorized newspapers as required by this Ordinance, then such method of publication or notification as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail notice to the Registered Owners of registered Bonds of any event when such notice is required to be given pursuant to any provision of this Ordinance, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice. Any notice mailed as provided in this Section 8.03

shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice.

Anything in this Ordinance contained to the contrary notwithstanding, if and so long as all the Bonds called for redemption are registered as to ownership, any notice herein required to be given by publication with respect to the Bonds, may, at the option of the Port in lieu of such publication, be given by mailing the same by first class mail, in a sealed envelope, postage prepaid, addressed to each Registered Owner of Bonds as his address shall last appear on the Bond Register, such notice to be so mailed on or before the date upon which the first publication would have been required if notice by publication had been given, and any notice in this Ordinance required may be omitted if the holders of all the Bonds called for redemption give to the Trustee a written waiver of such notice.

SECTION 8.04. Right of Holders of Bonds Called for Redemption. If notice of redemption has been given as provided in Section 8.03 of this Ordinance, the Bonds or portions thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with accrued interest to the date fixed for redemption. Payment of the redemption price, together with accrued interest, shall be made by the Trustee upon surrender of such Bonds with, if coupon Bonds or coupons Bonds registered as to principal only, all unmatured coupons appertaining thereto. The expense of giving notice and any other expenses of redemption shall be paid by the Corporation. If there shall be called for redemption less than the principal amount of a registered Bond, the Port shall execute and deliver and the Trustee shall authenticate, upon surrender of such Bond, and without charge to the Registered Owner thereof, at the option of the Registered Owner, either coupon Bonds or registered Bonds without coupons of like Series and maturity date for the unredeemed portion of the principal amount of the registered Bond so surrendered.

Prior to the date fixed for redemption, funds shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the Bonds called, together with accured interest theron to the redemption date and any required premium. From and after the date fixed for redemption designated in such notice (deposit of sufficent redemption moneys having been made with the Trustee and notice having been given or waived as aforesaid), notwithstanding that any Bonds so called for redemption in whole or in part shall not have been surrendered for cancellation, no futher interest shall accrue upon the principal of any of the Bonds or portions thereof so called for redemption and all coupons for interest maturing subsequent to such date fixed for redemption shall be void; and such Bonds or portions thereof so to be redeemed shall cease to be entitled to any lien, benefit or security under this Ordinance, and the holders thereof shall have no rights in respect of such Bonds or portions thereof except to receive payment

of the redemption price thereof and unpaid interest accrued to the date fixed for redemption. Coupons which have matured on or before such date fixed for redemption shall remain payable to bearer upon presentation and surrender thereof in accordance with their terms. All Coupons for interest maturing subsequent to such date shall be void.

All Bonds which have been redeemed shall not be reissued but shall be cancelled and cremated or otherwise destroyed by the Trustee in accordance with Section 2.11 hereof.

SECTION 8.05. Mandatory Redemption of 1979 Series Bonds in Event of Taxability. The Trustee shall, promptly after receipt by it of notice of a ruling or court decision or change in law concerning Federal income taxation of the 1979 Series Bonds to the effect specified in Section 2.02 of this Ordinance, send written notification to the Corporation and the Port that the outstanding 1979 Series Bonds shall be redeemed pursuant to the requirements of Section 2.02, subject to the Corporation's election of its option thereunder, and the date upon which such 1979 Series Bonds are to be so redeemed. As such date for redemption, the Trustee shall select the earliest practicable date on which it deems the outstanding 1979 Series Bonds may be so redeemed, provided, however, that the date fixed for such redemption (i) shall be within 180 days after the receipt by the Trustee of the aforesaid notice and (ii) shall be such a date as will permit proper publication of notice of such redemption pursuant to Section 8.03 of this Ordinance. The Trustee shall also proceed, in accordance with Article VIII of this Ordinance, to call for redemption on such date all outstanding 1979 Series Bonds, which will not mature or otherwise be redeemed prior to the aforesaid redemption date, at the redemption price specified in Section 2.02 of this Ordinance. The Trustee shall take the actions specified in this Section without any further authorization than is contained in this Section and shall take such action without the necessity of obtaining any consents or approvals of the Corporation or the Port.

SECTION 8.06. Mandatory Redemption of 1979 Series Bonds Upon Happening of Certain Events. The Trustee shall, promptly after receipt by it of notice from the Corporation to the effect specified in subparagraph B of Section 2.02 hereof, send written notification to the Corporation and the Port that the outstandin, 1979 Series Bonds shall be redeemed pursuant to the requirements of Section 2.02 and the date upon which such 1979 Series Bonds are to be so redeemed. As such date for redemption, the Trustee shall select the next applicable interest payment date, which shall be not less than 60 days from the date of receipt of notice from the Bondholders by the Corporation as provided in Section 4.05 of the Sale Agreement. The Trustee shall also proceed, in accordance with Article VIII of this Ordinance, to call for redemption on such date all outstanding 1979 Series Bonds, which will not mature or otherwise be redeemed prior to the aforesaid redemption date, at the redemption

price specified in Section 2.02 of this Ordinance. The Trustee shall take the actions specified in this Section without any further authorization than is contained in this Section and shall take such action without the necessity of obtaining any consents or approvals of the Corporation or the Port.

ARTICLE IX

Particular Covenants of the Port

SECTION 9.01. Payment of Principal, Premium, if any, and Interest. The Port will promptly pay (but solely from the Revenues, the proceeds of the Bonds and the income earned by the investment of funds under this Ordinance) the principal of and the interest on every Bond issued under and secured by this Ordinance and any redemption premium required to be paid for the retirement of said Bonds by redemption at the places, on the dates and in the manner specified in this Ordinance and in said Bonds and in the coupons thereto appertaining, according to the terms thereof.

SECTION 9.02. Maintenance of Corporate Existence. The Port will at all times maintain its corporate existence and will use its best efforts to maintain, preserve and renew all its rights, powers, privileges and franchises; and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Project.

SECTION 9.03. No Amendment of Sale Agreement Without Consent. So long as any of the Bonds are outstanding, the Port will require the Corporation to pay, or cause to be paid, all the payments and other costs and charges payable by the Corporation under the Sale Agreement. The Sale Agreement may not be amended, changed, modified, altered or terminated so as to adversely affect the interest of the holders of outstanding Bonds without the prior written consent of (a) the holders of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds then outstanding, and (b) in case less than all of the several Series of Bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds of each Series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding Bonds under this Section 9.03; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of outstanding Bonds the consent of the holders of which is a requirement for any such

amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made under the Sale Agreement or extend the time of payment thereof. No amendment of the Sale Agreement shall be made without the prior written consent of the Corporation. The Sale Agreement may be amended, changed, modified, altered or terminated without the consent of the holders of outstanding Bonds to provide necessary changes in connection with the issuance of Additional Bonds or to provide other changes which will not adversely affect the interests of such holders.

SECTION 9.04. Execution of Amendment to Sale Agreement. (a) Prior to the issuance of any Additional Bonds under the provisions of Section 3.03 of this Ordinance for the purpose of providing funds for the completion of payment of the Cost of the Project, the Port will, if necessary, enter into an appropriate agreement amending the Sale Agreement. Such amendatory agreement shall increase, if necessary, the payments to be made under the Sale Agreement to an amount which shall be sufficient to provide for payment of the principal of and interest and redemption premium (if any) on such Additional Bonds as the same shall become due and payable in accordance with their terms. In addition, such amendatory agreement shall include in the Project as defined in the Sale Agreement, if necessary, all machinery, equipment, facilities, land and rights in land to be financed by the issuance and sale of such Additional Bonds, if any, and make such other revisions in the Sale Agreement as are necessitated by the issuance of such Additional Bonds; provided, however, that such other revisions shall not adversely affect the rights of the holders of outstanding Bonds, as granted them under the terms of this Ordinance.

(b) The Port shall not issue any Additional Bonds under the provisions of Section 3.04 of this Ordinance for the purpose of refunding all or any part of the Bonds of any one or more Series unless the payments under the Sale Agreement shall be sufficient to provide for payment of the principal of and interest and redemption premium (if any) on all Bonds which will be outstanding upon the issuance of such Additional Bonds as the same become due and payable.

(c) Upon the execution of each such amendatory agreement the Port will execute and deliver to the Trustee for the benefit of the holders of the Bonds a proper instrument or instruments of assignment and pledge, assigning and pledging to the Trustee all the right, title and interest of the Port in and to each such amendatory agreement and the amounts payable to the Port thereunder.

SECTION 9.05. Performance of Covenants; The Port. The Port covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Ordinance, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto.

The Port covenants that it is duly authorized under the Constitution and laws of the State of Oregon, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Ordinance, to execute and deliver the Sale Agreement, to assign the Sale Agreement and amounts payable under the Sale Agreement, and to pledge the amounts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Ordinance has been duly and effectively taken, and that the Bonds in the hands of the holders thereof and the coupons appertaining thereto in the hands of the holders thereof are and will be valid and enforceable obligations of the Port according to the terms thereof and hereof.

SECTION 9.06. Instruments of Further Assurance. The Port covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such documents supplemental hereto and such further acts, instruments and transfers as Trustee may reasonable require for the better assuring, transferring, pledging, assigning and confirming unto Trustee all and singular the rights assigned hereby and the amounts pledged hereby to the payment of the principal of and premium, if any, and interest on the Bonds. The Port covenants and agrees that, except as herein and in the Sale Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any of the revenues and receipts derived from or in connection with the Project or any of its rights under the Sale Agreement or any of the funds pledged hereunder.

SECTION 9.07. Inspection of Project Books. The Port and Trustee covenant and agree that all books and documents in their possession relating to the Project and the revenues and receipts derived from or in connection with the Project including payments under the Sale Agreement and the Guarantee shall at all times be open to inspection by such accountants or other agencies as the other party may from time to time designate.

SECTION 9.08. List of Bondholders. Trustee will keep on file a list of names and addresses of all holders of Bonds who may request that their names and addresses be placed on said list by filing written request with the Port or with Trustee which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by Trustee, said list may be inspected and copied by the Corporation or by holders (or a designated representative thereof) of fifteen percent or more in principal amount of Bonds then outstanding, such possession or ownership and the authority of such designated representative to be evidenced to the satisfaction of Trustee.

SECTION 9.09. Rights under Agreement. The Sale Agreement, a duly executed counterpart of which has been filed with Trustee, sets forth the covenants and obligations of the Port and the Corporation, including provisions that subsequent to the issuance of the Bonds and prior to their payment in full or provision for payment thereof, and reference is hereby made to the same for a detailed statement of said covenants and obligations of the Corporation thereunder, and the Port agrees that Trustee in its name or to the extent permitted by law, in the name of the Port, may enforce all rights of the Port and all obligations of the Corporation under and pursuant to the Sale Agreement for and on behalf of the Bondholders whether or not the Port is in default hereunder.

SECTION 9.10. No Extension of Time for Payment. In order to prevent any accumulation of coupons or claims for interest after maturity, the Port will not directly or indirectly extend or assent to the extension of the time of payment of any coupons appertaining to, or claims for interest on, any of the Bonds and will not directly or indirectly be a party to or approve any such arrangement by purchasing or funding such coupons or claims for interest or in any other manner. In case any such coupons or claim for interest shall be extended or funded in violation of this Section, such coupons or claim for interest shall not be entitled, in case of any default under this Ordinance, to the benefit or security of this Ordinance except subject to the prior payment in full of the principal of and redemption premium (if any) on all Bonds issued and outstanding under this Ordinance, and of all coupons and claims for interest which shall not have been so extended or funded.

SECTION 9.11. Filing. This Ordinance shall be recorded and indexed as a mortgage of real property and as a chattel mortgage in such place and at such time provided by law for the proper recordation thereof. The Port agrees that there will promptly be filed in accordance with the provisions of the Uniform Commercial Code of the State of Oregon or any jurisdiction the laws of which may be applicable, or any similar statutory provision, Financing Statements between the Port and the Trustee covering the assignment and pledge of the Port's right, title and interest in the Sale Agreement, and all amounts payable on account thereof, and Financing Statements between the Port and the Corporation in respect of the equipment, machinery and other facilities comprising part of the Project and that the Port will file or cause to be filed from time to time such necessary Financing Statements as may be required to continue the perfection of the security interests described in such Financing Statements, and that it will file promptly with the Trustee evidence of each such filing. Upon filing of such continuation Financing Statements, the Corporation will deliver to the Trustee an Opinion of Counsel satisfactory to the Trustee to the effect that all filings then required to continue the perfection of such security interests have been accomplished in compliance with the foregoing requirements.

SECTION 9.12. Compliance with Sale Agreement. Any requirement imposed by this Ordinance or the Sale Agreement on the Port may, if not performed by the Port, be performed by the Corporation and such performance by the Corporation shall constitute compliance with the requirement of this Ordinance or the Sale Agreement as if performed by the Port.

SECTION 9.13. Subordination to Rights of Corporation. This Ordinance and the rights and privileges of the Trustee and the holders of the Bonds and Coupons appertaining thereto are specifically made subject and subordinate to the rights and privileges of the Corporation set forth in the Sale Agreement.

ARTICLE X

Defaults and Remedies

SECTION 10.01. Defaults; Events of Default; Acceleration. In case one or more of the following events, in this Ordinance referred to as the "Events of Default", shall happen and be continuing, that is to say, if

(a) payment of the principal of the Bonds and redemption premium (if any) shall not be made when the same shall become due and payable at maturity, upon redemption or otherwise; or

(b) payment of an installment of interest on any Bonds shall not be made when the same shall become due and payable; or

(c) the occurrence of an event of default under the Sale Agreement; or

(d) the Port shall default in the due and punctual performance of any covenant, condition, agreement or provision contained in the Bonds or in this Ordinance on the part of the Port to be performed, and such default shall continue for sixty(60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Port and the Corporation by the Trustee by registered mail, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the holders of not less than twenty-five percent (25%) in aggregate principal amount of all Bonds then outstanding, however, if said default be such that it cannot reasonably be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is institute

by the Port or the Corporation within the applicable period and diligently pursued until the default is corrected; or

(e) the occurrence of default under of the Guarantee.

then, in each such case, unless the principal of all the Bonds shall have become due and payable otherwise than by acceleration, the Trustee may, and upon written request of the holders of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then outstanding shall, by written notice given to the Port and the Corporation by the Trustee and provided that the default has not theretofore been cured, declare the principal of all Bonds then outstanding to be due and payable immediately, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided in the said notice, anything in this Ordinance or in said Bonds to the contrary notwithstanding.

The above provisions, however, are subject to the condition that if, after the principal of all Bonds then outstanding shall have been so declared to be due and payable, all arrears of interest upon such Bonds, and interest on overdue installments of interest (if lawful) at a rate per annum which is one percentage point greater than the highest rate per annum borne by any of the Bonds and the principal and redemption premium, if any, on all Bonds then outstanding which shall have become due and payable otherwise than by acceleration, and all other sums payable under this Ordinance, except the principal of, and interest on, the Bonds which by such declaration shall have become due and payable, shall have been paid by or on behalf of the Port, and the Port also shall have performed all other things in respect of which it may have been in default under this Ordinance, and shall have paid the reasonable expenses of the Trustee and of the holders of such Bonds, including reasonable attorneys' fees (including attorney's fees for appeals) paid or incurred, then and in every such case, such default shall be waived and such declaration and its consequences rescinded and annulled by the Trustee by written notice given to the Port and the Corporation by registered mail, which waiver, rescission and annulment shall be binding upon all Bondholders; but no such waiver, rescission and annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

SECTION 10.02. Trustee to have Right to Enforce Sale Agreement. In any case in which under the provisions of Section 10.01 of this Ordinance the Trustee has the right to declare the principal of all Bonds then outstanding to be due and payable immediately, or when the Bonds by their terms mature (upon redemption or otherwise) and are not paid, the Trustee, as the assignee and pledgee of all the right, title and interest of the Port in and to the Sale

Agreement, may enforce each and every right granted to the Port under the Sale Agreement.

SECTION 10.03. Other Remedies. Upon the happening and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding and receipt of indemnity to its satisfaction shall:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders and require the Port or the Corporation to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act, the Sale Agreement, the Guarantee and this Ordinance;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Port to account as if it were the trustee for an express trust for the Bondholders;

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; or

(e) by action or suit to bring an action of foreclosure.

SECTION 10.04. Abandonment of Proceedings by Trustee. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall hve been determined adversely to the Trustee, then and in every such case the Port, the Trustee and the Bondholders shall be restored to their former positions and rights under this Ordinance, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

SECTION 10.05. Right of Bondholder to Direct Proceedings. Anything in this Ordinance to the contrary notwithstanding, upon the happening and continuance of any Event of Default the holders of a majority in aggregate principal amount of the Bonds then outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Ordinance.

SECTION 10.06. Rights and Remedies of Bondholders. No holder of any of the Bonds shall have any right to institute any

suit, action or proceeding in equity or at law for the enforcement of any trust under this Ordinance, or any other remedy under this Ordinance or on said Bonds, unless such holder previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in this Ordinance granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of this Ordinance or for any other remedy under this Ordinance; it being understood and intended that no one or more holders of the Bonds secured by this Ordinance shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Ordinance, or to enforce any right under this Ordinance or under the Bonds, except in the manner in this Ordinance provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in this Ordinance provided and for the equal benefit of all holders of outstanding Bonds and coupons; subject, however, to the provisions of Section 9.10 of this Ordinance. Notwithstanding the foregoing provisions of this Section 10.06 or any other provision of this Ordinance, the obligation of the Port shall be absolute and unconditional to pay, but solely from the Revenues and other funds pledged under this Ordinance, the principal of and redemption premium (if any) and interest on the Bonds to the respective holders thereof and the coupons appertaining thereto at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such holders to enforce such payment.

SECTION 10.07. Remedies Vested in Trustee. All rights of action under this Ordinance or under any of the Bonds secured by this Ordinance which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds or coupons thereunto appertaining, or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceedings instituted by the Trustee shall be brought in its own name, as trustee, without the necessity of joining as plaintiffs or defendants any holders of the Bonds or bearers of outstanding coupons, and any recovery of judgement shall be for the equal and ratable benefit of the holders of the Bonds and coupons (if any) thereto appertaining, subject to the provisions of this Ordinance.

SECTION 10.08. No Remedy Exclusive. No remedy in this Ordinance conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under this Ordinance or now or hereafter existing at law or in equity or by statute.

SECTION 10.09. Delay or Omission of Trustee No Waiver of Default. No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article X to the Trustee and to the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

SECTION 10.10. Application of Moneys. All moneys received by Trustee pursuant to any right given or action taken under the provisions of this Article X or by virtue of action taken under provisions of the Sale Agreement shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by Trustee and payment of Administration Expenses, be deposited in the Bond Fund and all moneys in the Bond Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment of the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

SECOND - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Ordinance), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due

(with interest on overdue installments of interest, to the extent permitted by law, at the rate per annum which is one percentage point greater than the highest rate per annum borne by any Bonds issued under this Ordinance and then outstanding) and, if the amount available shall not be sufficient to pay in full Bonds and premium, if any, due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto within any discrimination or privilege; and

THIRD - To be held for the payment to the persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege plus, if available with interest on overdue installments of interest or principal at the rate which shall be one percent above the highest rate borne by the outstanding Bonds or the maximum rate permitted by law, whichever is lesser.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declarations shall thereafter have been rescinded and annulled under the provisions of this Article X then, in the event that the principal of all the Bonds shall later become due or be declared due and payable, the

moneys shall be applied in accordance with the provisions of subsection (a) of this Section 10.10.

Whenever moneys are to be applied pursuant to the provisions of this Section 10.10, such moneys shall be applied at such times, and from time to time, as Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid coupon or any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such Bond shall be presented to Trustee for appropriate endorsement or for cancellation if fully paid.

With regard to any alleged default concerning which notice is given to the Port and the Corporation under the provisions of this Section 10.10, the Port hereby grants the Corporation full authority for the account of the Port to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Port with full power to do any and all things and acts to the same extent that the Port could do and perform any such things and acts and with power of substitution and agrees to cooperate with the Corporation to enable the Corporation to so act.

ARTICLE XI

CONCERNING THE TRUSTEE

SECTION 11.01. Appointment of Trustee. First National Bank of Oregon, Portland, Oregon is hereby appointed Trustee under this Ordinance. The Trustee shall signify its acceptance of the duties and obligations of the Trustee created by this Ordinance by executing and delivering to the Port a certificate to that effect.

SECTION 11.02. No Responsibility for Correctness of Statements in Ordinance. The recitals, statements and representations in this Ordinance or in the Bonds contained, save only the Trustee's certificate of authentication upon the Bonds, shall be taken and construed as made by and on the part of the Port, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any hereof or thereof. The Trustee shall have no responsibility for any funds other than those funds actually paid to or received or held by it hereunder.

SECTION 11.03. No Responsibility for Default of Agents. The Trustee shall not be answerable for the exercise of any discretion or power under this Ordinance or for anything whatever in connection with the trusts in this Ordinance created, except only for its own wilful misconduct or negligence. The Trustee shall be answerable to the Corporation for any payments it receives pursuant to the Sale Agreement which is not utilized pursuant to the provisions of the Sale Agreement or this Ordinance.

SECTION 11.04. Compensation and Reimbursement. The Port shall pay (but solely from the Revenues, the proceeds of the Bonds and the income earned by the investment of funds under this Ordinance) or cause the Corporation to pay to the Trustee reasonable compensation for all services rendered by it under this Ordinance and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts by this Ordinance created and the performance of its powers and duties under this Ordinance, including attorneys' fees for appeals. In default of such payment, the Trustee may deduct the same from any moneys coming into its hands and shall be entitled to a preference in payment over any of the Bonds and coupons outstanding under this Ordinance.

SECTION 11.05. No Duty to Effect Insurance. The Trustee shall be under no duty to effect or to renew any policies of insurance or under any liability for the failure of the Port or the Corporation to effect or renew insurance; or to report or file claims or proofs of loss for any loss or damage insured against or which may occur; nor shall the Trustee be liable as an insurer.

SECTION 11.06. No Duty to Notice Default. The Trustee shall not be required to take notice, or to be deemed to have notice, of any default under this Ordinance other than a default under Section 10.01(a) or Section 10.01(b) of this Ordiannce, unless specifically notified in writing of such default by the holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding. The Trustee may, however, at any time, in its discretion, require of the Port full information and advice as to the performance of any of the covenants, conditions and agreements contained in this Ordinance.

SECTION 11.07. No Duty to Take Action Upon Default Unless Requested by Bondholders. The Trustee shall be under no obligation to take any action in respect of any default or otherwise or toward the execution or enforcement of any of the trusts by this Ordinance created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, and if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with

security and indemnity satisfactory to it; but the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provisions of this Ordinance to the Trustee to take action in respect of any default without such notice or request from the Bondholders, or without security or indemnity.

SECTION 11.08. Right to Rely on Documents Believed Genuine. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, coupon, requisition or other paper or document which it shall in good faith believe to be genuine and to have been authorized or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Ordinance, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as a holder of any Bond or coupon or to take any action at his request unless such Bond or coupon shall be deposited with the Trustee or evidence satisfactory to the Trustee of the ownership of such Bond or coupons shall be furnished to the Trustee.

SECTION 11.09. Right to Own and Deal Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds or coupons issued under and secured by this Ordinance, and may join in or take any action which any Bondholder may be entitled to take with like effect as if the Trustee were not named in this Ordinance. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Port or the Corporation, and may act as depository, trustee, or agent for any committee or body of holders of the Bonds issued under or secured by this Ordinance or other obligations of the Port as freely as if it were not Trustee under this Ordinance.

SECTION 11.10. No Liability for Interest Upon Any Moneys Received by Trustee. The Trustee shall be under no liability for interest upon any moneys which it may at any time receive under any of the provisions of this Ordinance, except such as it may agree in writing with the Port to pay thereon and except for certificates of deposit issued by the Trustee which are purchased as investments pursuant to Section 7.03 hereof.

SECTION 11.11. Construction of Ambiguous Provisions of Ordinance. The Trustee may construe any of the provisions of this Ordinance insofar as the same may appear to be ambiguous or inconsistent with any other provision thereof, and any construction of any such provisions of this Ordinance by the Trustee in good faith shall be binding upon the Bondholders.

SECTION 11.12. Resignation by Trustee. The Trustee may at any time and for any reason resign and be discharged of the trusts created by this Ordinance by executing an instrument in writing resigning such trust and specifying the date when such resignation shall take effect, and filing the same with the Secretary of the Port and the Corporation not less than sixty (60) days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation by publication at least once a week for two consecutive weeks in a newspaper of general circulation which carries financial news, is printed in the English language and is customarily published on each business day in The City of New York, the first publication of said notice to appear not less than three weeks prior to the date specified in such notice when such resignation shall take effect. Such resignation shall take effect on the day specified in such instrument and notice, unless previously a successor Trustee shall be appointed as hereinafter in this Article XI provided, in which event such resignation shall take effect immediately on the appointment of such successor Trustee.

SECTION 11.13. Removal of Trustee. The Trustee at any time and for any reason may be removed by an instrument in writing appointing a successor filed with the Trustee so removed and executed by the holders of a majority in aggregate principal amount of the Bonds then outstanding.

SECTION 11.14. Appointment of Successor Trustee. In case at any time the Trustee shall resign, or shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, a vacancy shall forthwith and ipso facto exist in the office of Trustee and a successor may be appointed by the holders of a majority in aggregate principal amount of the Bonds then outstanding, by an instrument or instruments in writing filed with the Secretary of the Port, signed by such Bondholders or by their attorneys-in-fact duly authorized in writing. Copies of each instrument shall be promptly delivered by the Port to the predecessor Trustee and to the Trustee so appointed.

Until a successor Trustee shall be appointed by the Bondholders as authorized by this Section 11.14, the Port, by an instrument authorized by resolution, shall appoint a Trustee to fill such vacancy. After any appointment by the Port, it shall cause notice of such appointment to be published once in each of two consecutive weeks in a newspaper of general circulation which carries financial news, is printed in the English language and is customarily published on each business day in The City of New York. Any new Trustee so appointed by the Port shall immediately and without further act be superseded by a Trustee appointed by the Bondholders in the manner hereinabove in this Section 11.14 provided.

SECTION 11.15. Qualifications of Successor Trustee. Every successor in the trust hereunder appointed pursuant to Section 11.14 of this Ordinance shall be a bank or trust company organized and doing business under the laws of the United States or any state or territory thereof with trust powers, and doing business within the State of Oregon having a combined capital and surplus of at least $15,000,000 if such a bank or trust company willing and able to accept the trust on customary terms can, with reasonable effort, be located.

SECTION 11.16. Court Appointment of Successor Trustee. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article XI prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

SECTION 11.17. Acceptance by Successor Trustee. Any successor Trustee appointed under this Article XI shall execute, acknowledge and deliver to the Port an instrument accepting such appointment under this Ordinance, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust under this Ordinance, with like effect as if originally named Trustee in this Ordinance. Upon request of such successor Trustee, the Trustee ceasing to act and the Port shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts under this Ordinance of the Trustee so ceasing to act, and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by it under this Ordinance.

Any Trustee ceasing to act shall nevertheless retain a lien upon all property and funds held or collected by such Trustee to secure any amount then due it pursuant to the provisions of Section 11.04 of this ordinance.

SECTION 11.18. Successor Trustee by Merger or Consolidation. Any corporation into which any Trustee under this Ordinance may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee under this Ordinance shall be a party, or any corporation to which any Trustee under this Ordinance may transfer substantially all of its assets, shall be the successor Trustee under this Ordinance, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Ordinance to the contrary notwithstanding.

SECTION 11.19. Exercise of Powers During Event of Default. Notwithstanding any other provisions of this Article XI, the Trustee shall, during the existence of an Event of Default known to the Corporate Trust Department of the Trustee, exercise such of the rights and powers vested in it by this Ordinance and use the same degree of skill and care in their exercise as a prudent man would use and exercise under the circumstances in the conduct of his own affairs.

SECTION 11.20. Notice Upon Event of Default. Upon the occurrence of an Event of Default known to the Corporate Trust Department of the Trustee, the Trustee shall within thirty (30) days give written notice thereof by mail to each Registered Owner of registered Bonds then outstanding at his last address appearing upon the Bond Register, unless such Event of Default shall have been cured before the giving of such notice.

SECTION 11.21. Trustee May Intervene in Judicial Proceedings. In any judicial proceeding to which the Port is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of holders of the Bonds, the Trustee may in its own name and as trustee of an express trust intervene on behalf of the holders of the Bonds and shall, upon receipt of indemnity satisfactory to it, do so if requested in writing by the holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding if permitted by the court having jurisdiction in the premises.

SECTION 11.22. Trustee to Use Project in Accordance With Act. The Trustee shall not use, while the Trustee is in possession thereof, or permit or suffer to be used, the Project or any portion thereof for any purposes other than as permitted.

SECTION 11.23. Appointment of Paying Agent. The Paying Agent or Paying Agents, if any, for the 1979 Series Bonds shall be appointed by resolution of the Port to be adopted at the time of sale of the 1979 Series Bonds. The Port may at any time or from time to time appoint one or more Paying Agents for the 1979 Series Bonds or any other Bonds, in the manner and subject to the conditions set forth in Section 11.24 of this Ordinance for the appointment of a successor Paying Agent. Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by written instrument of acceptance deposited with the Port and the Trustee.

SECTION 11.24. Successor Paying Agent. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Ordinance by giving at least sixty (60) days' written notice to the Port and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Port. Any successor Paying Agent shall

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be appointed by the Port, with the approval of the Trustee and shall be a bank or trust company duly organized under the laws of the United States or any state or territory thereof, having a capital stock and surplus aggregating at least $15,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Ordinance.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, to or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

SECTION 11.25. Trustee's Duty With Respect to Security Interest. The Trustee shall have no responsibility for the adequacy, value or perfection of the security interest provided for in Section 4.04 of the Sale Agreement; provided, however, that the lack of such responsibility shall not relieve the Trustee from the duty of enforcing, to the extent legally possible, such security interest on behalf of holders of Bonds as may be otherwise required of it under this Ordinance.

ARTICLE XII

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

SECTION 12.01. Execution of Instruments. Any request, direction, consent or other instrument in writing required or permitted by this Ordinance to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Ordinance and shall be conclusive in favor of the Trustee and any Paying Agent with regard to any action taken, suffered or omitted by any of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the Person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness of such execution.

(b) The fact of the holding of Bonds under this Ordinance by any Bondholder and the serial numbers of such Bonds and the date of his holding the same (unless such Bonds be registered) may be proved by the affidavit of the Person claiming to be such holder, if such affidavit shall be deemed by the Trustee to be in form satisfactory to it, or by a certificate executed by any trust company, bank, banker or any other depository, wherever situated, if such certificate shall be deemed by the Trustee to be in form satisfactory to it, showing that at the date therein mentioned such Person had on deposit with such trust company, bank, banker or other depository the Bonds described in such certificate. The Trustee may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The ownership of registered Bonds shall be proved by the Bond Register.

Nothing contained in this Article XII shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters in this Article XII stated which to it may seem sufficient. Any request or consent of the holder of any Bond shall bind every future holder of the same Bond and any Bond or Bonds issued in exchange or subsititution therefor or upon the Registration of transfer thereof in respect of anything done by the Trustee in pursuance of such request or consent.

ARTICLE XIII

MODIFICATION OF ORDINANCE AND SUPPLEMENTAL ORDINANCE

SECTION 13.01. Supplemental Ordinance Not Requiring Consent of Bondholders. Subject to the conditions and restrictions in this Ordinance contained, the Port, when the enactment thereof is consented to in writing by the Trustee, may, without the consent of the Bondholders, enact a Supplemental Ordinance or Supplemental Ordinances which thereafter shall form a part of this Ordinance, for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Port in this Ordinance contained other covenants and and agreements thereafter to be observed, and to surrender any right or power in this Ordinance reserved to or conferred upon the Port;

(b) to modify any of the provisions of this Ordinance or relieve the Port from any of the obligations, conditions or restrictions in this

Ordinance contained; provided that no such modification shall be or become operative or effective which shall adversely affect the rights of the Bondholders or the Trustee;

(c) to cure any ambiguity or to cure, correct or supplement any inconsistent provision contained in this Ordinance or in any Supplemental Ordinance;

(d) to make such provisions in regard to matters or questions arising under this Ordinance as may be necessary or desirable and not inconsistent with this Ordinance and which shall not adversely affect the interests of the Bondholders;

(e) to provide for the issuance of Additional Bonds;

(f) to evidence the appointment of a successor Trustee or Paying Agent hereunder; and

(g) to subject to this Ordinance additional revenues, properties or collateral;

and the Port hereby covenants that it will perform all of the requirements of any such Supplemental Ordinance which may be in effect from time to time; but no restriction or obligation imposed by this Ordinance upon the Port in respect of any of the Bonds outstanding under this Ordinance may, except as otherwise provided in Section 13.03 of this Ordinance, be waived or modified by such Supplemental Ordinance, or otherwise. Nothing in this Article XIII contained shall affect or limit the right or obligation of the Port to execute and deliver to the Trustee any instrument of further assurance or other instrument which elsewhere in this Ordinance it is provided shall be delivered to the Trustee.

SECTION 13.02. Approval of Supplemental Ordinance by Trustee. The Trustee is hereby authorized to approve any Supplemental Ordinance authorized or permitted by the terms of this Ordinance, and to approve the further agreements and stipulations which may be therein contained, and the Trustee, in approving any Supplemental Ordinance, shall be fully protected in relying on an Opinion of Counsel, in form and substance satisfactory to the Trustee, to the effect that such Supplemental Ordinance is authorized or permitted by the provisions of this Ordinance and is not inconsistent with this Ordinance.

SECTION 13.03. Modification With Consent of Bondholders. Exclusive of Supplemental Ordinances covered by Section 13.01 hereof, any modification or alteration of this Ordinance or of the rights and obligations of the Port or of the holders of the Bonds and coupons in

any particular may be made with the consent of the Corporation and (a) the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds then outstanding, and (b) in case less than all of the several Series of Bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds of each Series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding Bonds under this Section 13.03. Nothing in this Section 13.03 contained shall permit, or be construed which will reduce the percentage of aggregate principal amount of bonds the consent of the holders of which is required for any such modification or alteration, or permit the creation by the Port of any lien prior to, or, except to secure additional bonds, on a parity with, the lien of the Ordinance upon the receipts and revenues of the Port from or in connection with the sale of the Project or which will affect the times, amounts and currency of payment of the principal of, the interest on, or the premium (if any) on, said bonds.

For the purposes of this Ordinance, a Series shall be deemed to be affected by a modification or amendment of this Ordinance if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series would be affected by any modification or amendment of this Ordinance and any such determination shall be binding and conclusive on the Port and all the holders of Bonds.

For all purposes of this Article XIII, the Trustee shall be entitled to rely upon an Opinion of Counsel with respect to the extent, if any, to which any action affects the rights under this Ordinance of any holders of Bonds then outstanding.

SECTION 13.04. Consent by Corporation Required. Anything herein to the contrary notwithstanding, and if the Corporation is not in default under the Sale Agreement at such time, a Supplemental Ordinance under this Article XIII shall not become effective unless and until the Corporation shall have consented to the execution and delivery of such Supplemental Ordinance. In this regard, the Port shall cause notice of the proposed execution and delivery of any such Supplemental Ordinance together with a copy of the proposed Supplemental Ordinance to be mailed by certified or registered mail to the Corporation and received by the Corporation at least thirty (30) days prior to the proposed date of execution and delivery of any such Supplemental Ordinance. The Corporation shall be deemed to have consented to the execution and delivery of any such Supplemental

Ordinance if the Port does not receive a letter, telegram, or other written, printed, photo or telecopy notice of protest or objection thereto signed by or on behalf of the Corporation on or before 4:30 o'clock p.m., Portland, Oregon time, of the thirtieth day after the receipt by the Corporation of said notice and a copy of the proposed Supplemental Ordinance.

ARTICLE XIV

DISCHARGE OF ORDINANCE.

SECTION 14.01. Ordinance Discharged Upon Payment of Bonds. If and when the Bonds secured hereby shall become due and payable in accordance with their terms or through redemption proceedings as provided in this Ordinance, or otherwise, and the whole amount of the principal, redemption premium (if any) and the interest so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable under this Ordinance by the Port and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds and all Administration Expenses shall have been paid or provided for, then and in that case, the right, title and interest of Trustee under this Ordinance shall thereupon cease, terminate and become void, and Trustee shall assign and transfer to or upon the order of the Corporation all property (in excess of the amounts required for the foregoing) then held by Trustee (including the Sale Agreement, and all payments thereunder and all balances in any fund created under this Ordinance) and shall execute such documents as may be reasonably required by the Corporation in this regard.

When all or a portion of the Bonds of a particular Series and the coupons appertaining thereto shall have been paid and if, at the time of such payment, the Port shall have kept, performed and observed all the covenants and promises in such Bonds and in this Ordinance required or contemplated to be kept, performed and observed by the Port or on its part on or prior to that time, then this Ordinance shall be considered to have been discharged in respect of such Bonds of a particular Series and the coupons appertaining thereto and such Bonds and coupons shall cease to be entitled to the lien of this Ordinance.

If and when Trustee shall hold sufficient moneys under this Ordinance to provide for payment of the whole amount of the principal, premium, if any, and interest due and payable and thereafter to become due and payable upon all the Bonds, together with all other sums payable or which may thereafter become payable under this Ordinance by the Port, or which may be required to pay Administration Expenses, notwithstanding that all the Bonds and coupons have not yet become due and payable and that consequently the right, title and interest of Trustee under this Ordinance shall not have ceased,

terminated and become void pursuant to the foregoing provisions of this Section 14.01 Trustee, on demand of the Corporation, shall assign and transfer to or upon the order of the Corporation all property and interest therein (in excess of the amounts required for the foregoing) then held by Trustee (including the Sale Agreement and all payments thereunder and all balances in any fund created under this Ordinance) and shall execute such documents as may be required by the Corporation in this regard.

SECTION 14.02. Bonds Deemed Paid. Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been held by the Trustee at the maturity or redemption date thereof shall be deemed to be paid within the meaning and with the effect expressed in this Section 14.02. All outstanding Bonds of any one or more Series and all coupons appertaining to such Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in this Section 14.02 if (a) in case said Bonds are to be redeemed on any date prior to their maturity, the Port shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on said redemption date, such notice to be given in accordance with the provisions of Section 8.03 hereof, (b) there shall have been deposited with Trustee either moneys in an amount which shall be sufficient, or Governmental Obligations, which shall not contain provisions permitting the redemption thereof at the option of the Port, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by Trustee at the same time, shall be sufficient to pay when due the principal of and redemption premium, if any, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Port shall have given Trustee in form satisfactory to it irrevocable instruction to publish, as soon as practicable in the same manner as a notice of redemption is published pursuant to Section 8.03 hereof, a notice to the holders of such Bonds and coupons that the deposit required by (b) above has been made with Trustee and that said Bonds and coupons are deemed to have been paid in accordance with this Section 14.02 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bonds. Neither the Governmental Obligations nor moneys deposited with the Trustee pursuant to this Section 14.02 nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and redemption premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Governmental Obligations

maturing at times and in amounts sufficient to pay when due the principal of and premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Corporation, as received by Trustee, free and clear of any trust, lien or pledge.

Any release under this Section 14.02 shall be without prejudice to the right of the Port and Trustee to be paid reasonable compensation for all services rendered by it under this Ordinance and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of the trusts by this Ordinance created and the performance of its powers and duties under this Ordinance.

ARTICLE XV

MISCELLANEOUS

SECTION 15.01. Ordinance to Inure to Successors of Port. In the event of the dissolution of the Port, all the covenants, stipulations, promises and agreements in this Ordinance contained, by or on behalf of, or for the benefit of, the Port, shall bind or inure to the benefit of the successors of the Port from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Port shall be transferred.

SECTION 15.02. Limitation of Rights. Except as in this Ordinance otherwise specifically provided, nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon any Person other than the Corporation, the Port, the Trustee and the holders of the Bonds and coupons issued under this Ordinance, any right, remedy or claim under or by reason of this Ordinance, this Ordinance being intended to be for the sole and exclusive benefit of the Corporation, the Port, the Trustee and the holders of the Bonds and coupons issued under this Ordinance.

SECTION 15.03. Severability. In case any one or more of the provisions of this Ordinance or of the Bonds or coupons issued under this Ordinance shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Ordinance or of said Bonds or coupons, and this ordinance and the Bonds and coupons shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

SECTION 15.04. **Member, Agents and Employees of Port Exempt From Liability.** No covenant or agreement contained in the Bonds or coupons or in this Ordinance shall be deemed to be the covenant or agreement of any Commissioner, agent, or employee of the Port in his

individual capacity, and neither the Commissioners of the Port nor any official executing the Bonds shall be liable personally on the Bonds or coupons or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 15.05. Notices. All notices, certificates, requests or other communications under this Ordinance shall be sufficiently given and shall be deemed given, unless otherwise required by this Ordinance, when mailed by first class mail (except as otherwise provided in this Ordinance), postage prepaid, addressed as follows; if to the Port, at P.O. Box 3529, Portland, Oregon 97208, Attention: Executive Director; if to the Corporation, at Suite 1130, 200 S.W. Market Street, Portland, Oregon 97201, Attention: Treasurer; and if to the Trustee, at P.O. Box 2971, Portland, Oregon 97208, Attention: Corporate Trust Department. A duplicate copy of each notice, certificate, request or other communication given under this Ordinance to the Port, the Corporation or the Trustee shall also be given to the others. The Corporation, the Port and the Trustee may, by notice given under this Section 15.05, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 15.06. Payments Due on Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be in the city of payment a Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 15.07. Captions. The captions or headings in this Ordinance are for convenience only and in no way define, limit or describe the scope or intent of any provisons, Articles or Sections of this Ordinance.

SECTION 15.08. Bond Forms. The coupon 1979 Series Bonds to be initially issued and secured by this Ordinance, the interest coupons to be attached thereto, the registered 1979 Series Bonds without coupons to be issued under this Ordinance and the Trustee's certificate of authentication to be endorsed on the Bonds to be issued under this Ordinance are all to be in substantially the following forms, respectively, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance:

SCOEPA00001134

[FORM OF 1979 SERIES COUPON BOND]

UNITED STATES OF AMERICA

STATE OF OREGON

THE PORT OF PORTLAND

INDUSTRIAL DEVELOPMENT REVENUE BOND, 1979 SERIES

(WACKER SILTRONIC CORPORATION PROJECT)

No. $5,000

The Port of Portland (the "Port"), a municipal corporation, created and existing under and by virtue of the laws of the State of Oregon, for value received, hereby promises to pay to bearer on the fifteenth day of April, 1991, upon the presentation and surrender hereof, the principal sum of Five Thousand Dollars ($5,000) solely from the revenues and receipts of the Port from or in connection with the sale of the Project hereinafter referred to as provided in the Ordinance hereinafter referred to and to pay solely from such revenues and receipts interest on said principal sum from the date hereof, at the rate of six and one-eighth percent (6 1/8%) per annum, until the payment of such principal sum, such interest being payable on the fifteenth days of April and October in each year (commencing October 15, 1979) but only, in the case of interest payable at or prior to the maturity of this bond, upon presentation and surrender of the annexed coupons as they severally mature. The principal of and interest on this bond are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, at the principal corporate trust office of First National Bank of Oregon, the Trustee hereinafter mentioned, or at the office designated for such payment of any successor thereof.

This bond is one of a duly authorized issue of bonds of the Port designated as "Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)" (the "1979 Bonds"), issued in the aggregate principal amount of $1,000,000 under and pursuant to the Constitution and Laws of the State of Oregon, particularly Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended (collectively the "Act"), and under and secured by an Ordinance No. 246 enacted by the Port on March 14, 1979 (the "Ordinance"). The 1979 Bonds are issued for the purpose of financing a portion of the cost of the acquisition, construction and installation of certain industrial development facilities at the silicon wafer manufacturing facility (the "Plant") of Wacker Siltronic Corporation (the "Corporation") located in Portland, Oregon to be sold to the Corporation under and pursuant to an Installment Sale

Agreement between the Port and the Corporation dated as of April 15, 1979 (hereinafter, together with any amendments thereof, called the "Sale Agreement"). Payment of principal of and interest on the 1979 Bonds has been unconditionally guaranteed by Wacker Chemical Corporation (the "Guarantor") pursuant to a Guarantee Agreement, dated as of April 15, 1979 (the "Guarantee"), entered into between the Guarantor and the Trustee for the benefit of the holders and owners of the 1979 Bonds and the coupons appertaining thereto. The 1979 Bonds are additionally secured by a mortgage or the Project, as hereinafter defined, from the Port to First National Bank of Oregon (hereinafter called the "Trustee"). As provided in the Ordinance, additional bonds may be issued in one or more series for the purpose of financing the cost of completion of said facilities, the cost of enlargements, improvements or expansions of said facilities, and the cost of acquisition and installation of additional facilities at the Plant (such facilities, together with any enlargements, improvements or expansions thereof, and any such additional facilities herein collectively called the "Project").

Copies of the Ordinance, Sale Agreement and the Guarantee are on file at the principal corporate trust office of the Trustee and reference is made to the Ordinance (and all ordinances and resolutions supplementary thereto and amendatory thereof), the Sale Agreement and the Guarantee for the provisions relating, among other things to the terms and security of the 1979 Bonds, the collection and disposition of the revenues and receipts of the Port from or in connection with the sale of the Project, the custody and application of the proceeds of the 1979 Bonds, the rights and remedies of the holders of the 1979 Bonds, the rights, duties and obligations of the Port, the Corporation and the Trustee, and the modification or amendment of any of the foregoing documents.

This bond and any additional bonds issued under and secured by the Ordinance are and will be equally and ratably secured, to the extent provided in the Ordinance, solely by the pledge of the revenues derived by the Port from or in connection with the sale of the Project, including payments received under the Sale Agreement and the Guarantee, proceeds of the Bonds and income earned by the investment of funds under the Ordinance. The holder of this bond shall not have the right to compel any exercise of the taxing power of the Port to pay this bond or the interest hereon. This bond shall not in any manner or to any extent be a general obligation of the Port nor a charge upon the tax revenues of the Port nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the Ordinance.

The 1979 Bonds are issuable in the form of coupon bonds, registrable as to principal, in the denomination of $5,000 and in the form of registered bonds without coupons in the denominations of $5,000 or any integral multiple of $5,000. The holder of any coupon 1979 Bond or Bonds may surrender the same, with all unmatured coupons

and any matured coupons in default attached, at the above-mentioned office of the Trustee, in exchange for an equal aggregate principal amount of registered 1979 Bond or Bonds without coupons, of the same maturity, of any of the authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Ordinance. In like manner, subject to such conditions and upon the payment of such charges, the owner of any registered 1979 Bond or Bonds without coupons may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing), in exchange for an equal aggregate principal amount of coupon 1979 Bonds of the same maturity, with unmatured coupons and any matured coupons in default attached, or of registered 1979 Bonds, without coupons, of the same maturity and of any other authorized denominations.

This bond, until registered, shall be transferable by delivery, but may at any time be registered as to principal on the Bond Register to be kept at the principal office of the Trustee, and such registration shall be noted hereon; and if so registered, this Bond shall then be transferable only upon said Bond Register at said office by the registered owner in person or by his duly authorized attorney, unless the last preceding registration shall have been to bearer, in which case it shall again be transferable by delivery; and this bond may again, from time to time, be registered or discharged from registration in the same manner; but such registration shall not affect the negotiability of the annexed coupons, which shall always be payable to bearer and transferable by delivery. Such registrations, transfers and discharges from registration shall be without charge to the owner hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the owner requesting such registration, transfer or discharge from registration as a condition precedent to the exercise of such privilege.

The 1979 Bonds are subject to mandatory redemption at a price equal to 100% of the principal amount thereof plus accrued interest to the redemption date on April 15 in each year of the years 1985 to 1991, inclusive, in accordance with the sinking fund provisions of Section 6.03 of the Ordinance, in part (by lot) in the manner provided in Article VIII of the Ordinance.

The 1979 Bonds shall be subject to redemption prior to maturity, in whole or in part, on any interest payment date, in integral multiples of $5,000, without redemption premium or prepayment penalty. If the redemption is in part, the particular 1979 Bonds to be redeemed shall be selected (by lot) by the Trustee. Such redemption shall be at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

SCOEPA00001137

The 1979 Bonds shall be subject to mandatory redemption in whole on any date within 180 days after receipt by the Trustee of notice of

> (i) the issuance of a published or private ruling of the Internal Revenue Service in which the Corporation has participated to the degree it deems sufficient and which ruling the Corporation, in its discretion, does not contest by an appropriate proceeding directly or through a bondholder,
>
> (ii) a final determination by any court of competent jurisdiction in the United States in a proceeding to which the Corporation is a party, or
>
> (iii) enactment of any amendment to the Internal Revenue Code of 1954, as amended, or the promulgation of or amendment to Treasury Department Regulations, or any other change in present law,

to the effect that the interest payable on the 1979 Bonds is includable in the gross income for Federal income tax purposes of the holders thereof (other than a "substantial user" of the Project or a "related person" as provided in Section 103(b)(8) of the Internal Revenue Code of 1954, as amended), provided, however, that the Corporation may, at its option, not be obligated to redeem the 1979 Bonds as provided herein if interest payable on the 1979 Bonds is includable for Federal income tax purposes in the gross income of the holders thereof (other than a "substantial user" of the Project or a "related person") due to the occurrance of an event in (iii) above and the Corporation upon written notification to the holders of the 1979 Bonds within thirty days of receipt of notice from the Trustee of its mandatory redemption obligation hereunder, agrees (a) to pay interest on the outstanding principal amount of the 1979 Bonds in an amount equal to 11.34% from the date on which interest on the 1979 Bonds was included in such holders' gross income to the maturity date (as defined below) of the 1979 Bonds, minus the amount of interest actually paid on the 1979 Bonds from the date of the inclusion of interest in the gross income of the holder and (b) that the maturity date of the 1979 Bonds shall be changed to April 15, 1989 and all outstanding principal on the 1979 Bonds plus unpaid interest accrued to such maturity date shall be payable on such maturity date. The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the pricipal amount thereof plus unpaid interest accrued to the redemption date in a manner as provided in the Ordinance.

The 1979 Bonds shall also also be subject to mandatory redemption in whole on the next applicable interest payment date, after receipt by the Trustee of notice from the Corporation to the effect that a majority of the holders of the 1979 Bonds then Outstanding have elected on behalf of all of said Bondholders to

SCOEPA00001138

require the redemption of the 1979 Bonds based upon both of the conditions in either of subparagraphs (a) or (b) below existing or the condition in subparagraph (c) below existing.

(a) Wacker Chemie GmbH ("Chemie"), a German corporation, shall own directly or indirectly less than 100% but more than 75% of the voting stock of the Corporation and the Corporation shall have a net worth, as determined in accordance with generally accepted accounting principles ("Net Worth") of less than $6,000,000; or

(b) Chemie shall own directly or indirectly less than 75% but more than 51% of the voting stock of the Corporation and the Corporation shall have a Net Worth of less than $10,000,000; or

(c) Chemie shall own directly or indirectly less than 51% of the voting stock of the Corporation.

The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date.

If less than all the 1979 Bonds of one maturity shall be called for redemption, the particular 1979 Bonds of such maturity to be redeemed shall be selected by lot by the Trustee or in such other manner as the Trustee in its discretion may deem proper. Any such redemption, either in whole or in part, shall be made upon at least thirty (30) days' and no more than sixty (60) days' prior notice in the manner and upon the terms and conditions provided in the Ordinance. If this bond shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for, all as more fully set forth in the Ordinance, interest on this bond shall cease to accrue from such date, and from and after such date this bond and all coupons for interest appertaining hereto maturing subsequent to the date fixed for redemption shall no longer be entitled to any lien, benefit or security under the Ordinance, and the holder hereof and thereof shall have no rights except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

Neither this bond nor any coupons for interest hereto attached shall be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the manual signature of a duly authorized officer of the Trustee of the Trustee's certificate of authentication hereon.

No covenant or agreement contained in this bond or the Ordinance shall be deemed to be a covenant or agreement of any Commissioner or employee of the Port in his individual capacity, and neither the Commissioners of the Port nor any officer thereof executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

To the extent permitted by and as provided in the Ordinance, modifications or alterations of the Ordinance, or of any ordinance supplemental thereto, and of the rights and obligations of the Port and the holders of the bonds and coupons in any particular may be made with the consent of the Corporation and (a) the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds then outstanding under the Ordinance, and (b) in case less than all of the several series of bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds of each series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms not take effect so long as any bonds of any specified series remain outstanding, the consent of the holders of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding bonds under the Ordinance; provided, further, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of bonds the consent of the holders of which is required for any such modification or alteration, or permit the creation by the Port of any lien prior to, or, except to secure additional bonds, on a parity with, the lien of the Ordinance upon the receipts and revenues of the Port from or in connection with the sale of the Project or which will affect the times, amounts and currency of payment of the principal of and the interest on, said bonds. Any such consent by the holder of this bond shall be conclusive and binding upon such holder and all future holders and owners of this bond irrespective of whether or not any notation of such consent is made upon this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of Oregon.

IN WITNESS WHEREOF, the Port has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its President and its seal or a facsimile thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the manual or facsimile signature of its Secretary, and coupons for interest, bearing the facsimile signature of said President, to be hereunto attached, as of the fifteenth day of April, 1979.

THE PORT OF PORTLAND

By_____
President

[SEAL]

Attest:

_____
[Assistant] Secretary

SCOEPA00001141

PROVISION FOR REGISTRATION

The within Bond may be registered in the name of the holder on the Bond Register kept by the Trustee, as to principal only, such registration being noted hereon by the Trustee in the registration blank below, after which no transfer shall be valid unless made on said Bond Register at the request of the registered owner or his attorney duly authorized, and such transfer is similarly noted in the registration blank below, but it may be discharged from registration by being so transferred to bearer, after which it shall be transferable by delivery, but it may again and from time to time be registered as before. The registration of this Bond as to principal shall not restrain the negotiability of the coupons by delivery.

Date of Registration	In Whose Name Registered	Signature of Trustee

[FORM OF COUPON]

No.

On the fifteenth day of _____, 19__ (unless the bond hereinafter mentioned shall have been duly called for previous redemption and payment of the redemption price made or duly provided for) The Port of Portland will pay to the bearer, at the principal corporate trust office of First National Bank of Oregon, in Portland, Oregon, or at the office designated for such payment of any successor thereof, upon presentation and surrender of this coupon, solely from the revenues lawfully pledged therefor referred to in the Bond hereinafter mentioned, the sum specified hereon in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, being the interest then due on its Industrial Development Revenue Bond, 1979 Series (Wacker Siltronic Corporation Project), No. _____.

_____
President

_____
[Assistant] Secretary

[FORM OF 1979 SERIES REGISTERED BOND]

UNITED STATES OF AMERICA

STATE OF OREGON

THE PORT OF PORTLAND

INDUSTRIAL DEVELOPMENT REVENUE BOND, 1979 SERIES

(WACKER SILTRONIC CORPORATION PROJECT)

No.

The Port of Portland (the "Port"), a municipal corporation, created and existing under and by virtue of the laws of the State of Oregon, for value received, hereby promises to pay to _____ or registered assigns, on the fifteenth day of April, 1991, upon the presentation and surrender hereof, the principal sum of _____ Dollars ($_____) solely from the revenues and receipts of the Port from or in connection with the sale of the Project hereinafter referred to as provided in the Ordinance hereinafter referred to and to pay solely from such revenues and receipts interest on said principal sum from the date hereof, at the rate of six and one-eighth percent (6 1/8%) per annum, until the payment of such principal sum, such interest being payable on the fifteenth days of April and October in each year (commencing October 15, 1979) but only in the case of interest payable at or prior to the maturity of this bond. The principal of and interest on this bond are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, at the principal corporate trust office of First National Bank of Oregon, the Trustee hereinafter mentioned, or at the office designated for such payment of any successor thereof. The interest on this bond, when due and payable, shall be paid to the registered owner hereof by check or draft mailed to such person at his address last appearing on the Bond Register.

This bond is one of a duly authorized issue of bonds of the Port designated as "Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)" (the "1979 Bonds"), issued in the aggregate principal amount of $1,000,000 under and pursuant to the Constitution and Laws of the State of Oregon, particularly

Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended (collectively the "Act"), and under and secured by Ordinance No. 246 enacted by the Port on March 14, 1979 (the "Ordinance"). The 1979 Bonds are issued for the purpose of financing a portion of the cost of acquisition, construction and installation of certain industrial development facilities at the silicon wafer manufacturing facility (the "Plant") of Wacker Siltronic Corporation (the "Corporation") located in Portland, Oregon to be sold to the Corporation under and pursuant to an Installment Sale Agreement between the Port and the Corporation dated as of April 15, 1979 (hereinafter, together with any amendments thereof, called the "Sale Agreement"). Payment of principal of and and interest on the 1979 Bonds has been unconditionally guaranteed by Wacker Chemical Corporation (the "Guarantor") pursuant to a Guarantee Agreement, dated as of April 15, 1979 (the "Guarantee"), entered into between the Guarantor and the Trustee for the benefit of the holders and owners of the 1979 Bonds and the coupons appertaining thereto. The 1979 Bonds are additionally secured by a mortgage on the Project, as hereinafter defined, from the Port to the First National Bank of Oregon (hereinafter called the "Trustee"). As provided in the Ordinance, additional bonds may be issued in one or more series for the purpose of financing the cost of completion of said facilities, the cost of enlargements, improvements or expansions of said facilities, and the cost of acquisition and installation of additional industrial development facilities at the Plant (such facilities, together with any enlargements, improvements or expansions thereof, and any such additional facilities herein collectively called the "Project").

Copies of the Ordinance, the Sale Agreement and the Guarantee are on file at the principal corporate trust office of the Trustee and reference is made to the Ordinance (and all ordinances and resolutions supplementary thereto and amendatory thereof), the Sale Agreement and the Guaranty for the provisions relating, among other things, to the terms and security of the 1979 Bonds, the collection and disposition of the revenues and receipts of the Port from or in connection with the sale of the Project, the custody and application of the proceeds of the 1979 Bonds, the rights and remedies of the holders of the 1979 Bonds, the rights, duties and obligations of the Port, the Corporation and the Trustee, and the modification or amendment of any of the foregoing documents.

This bond and any additional bonds issued under and secured by the Ordinance are and will be equally and ratably secured, to the extent provided in the Ordinance, solely by a pledge of the revenues and receipts derived by the Port from or in connection with the sale of the Project, including payments received under the Sale Agreement and the Guarantee. The holder of this bond shall not have the right to compel any exercise of the taxing power of the Port to pay this bond or the interest hereon. This bond shall not in any manner or to any extent be a general obligation of the Port nor a charge upon the

tax revenues of the Port nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the Ordinance.

The 1979 Bonds are issuable in the form of coupon bonds registrable as to principal, in the denomination of $5,000 and in the form of registered bonds without coupons in the denominations of $5,000 or any integral multiple of $5,000. The holder of any coupon 1979 Bond or Bonds may surrender the same, with all unmatured and any matured coupons in default attached, at the above mentioned office of the Trustee, in exchange for an equal aggregate principal amount of registered 1979 Bond or Bonds without coupons, of the same maturity, of any of the authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Ordinance. In like manner, subject to such conditions and upon the payment of such charges, the owner of any registered 1979 Bond or Bonds without coupons may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon 1979 Bonds of the same maturity, with all unmatured coupons and any matured coupons in default attached, or of registered 1979 Bonds without coupons, of the same maturity and of any other authorized denominations.

The transfer of this bond is registrable, as provided in the Ordinance, upon the Bond Register kept for that purpose at the above mentioned office of the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds, without coupons, of the same series and maturity and in the same aggregate principal amounts, shall be issued to the transferee in exchange herefor as provided in the Ordinance, and upon payment of the charges therein prescibed. The Port and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner herof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 1979 Bonds are subject to mandatory redemption at a price equal to 100% of the principal amount thereof plus accrued interest to the redemption date on April 15 in each year of the years 1985 to 1991, inclusive, in accordance with the sinking fund provisions of Section 6.03 of the Ordinance, in part (by lot) in the manner provided in Article VIII of the Ordinance.

The 1979 Bonds shall be subject to redemption prior to maturity, in whole or in part, on any interest payment date, in integral multiples of $5,000, without redemption premium or prepayment penalty. If the redemption is in part, the particular

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1979 Bonds to be redeemed shall be selected (by lot) by the Trustee. Such redemption shall be at a redemption price equal to the principal amount thereof plus accrued insterest to the redemption date.

The 1979 Bonds shall be subject to mandatory redemption in whole on any date within 180 days after receipt by the Trustee of notice of

> (i) the issuance of a published or private ruling of the Internal Revenue Service in which the Corporation has participated to the degree it deems sufficient and which ruling the Corporation, in its discretion, does not contest by an appropriate proceeding directly or through a bondholder,
>
> (ii) a final determination by any court of competent jurisdiction in the United States in a proceeding to which the Corporation is a party, or
>
> (iii) enactment of any amendment to the Internal Revenue Code of 1954, as amended, or the promulgation of or amendment to Treasury Department Regulations, or any other change in present law,

to the effect that the interest payable on the 1979 Bonds is includable in the gross income for Federal income tax purposes of the holders thereof (other than a "substantial user" of the Project or a "related person" as provided in Section 103(b)(8) of the Internal Revenue Code of 1954, as amended), provided, however, that the Corporation may, at its option, not be obligated to redeem the 1979 Bonds as provided herein if interest payable on the 1979 Bonds is includable for Federal income tax purposes in the gross income of the holders thereof (other than a "substantial user" of the Project or a "related person") due to the occurrance of an event in (iii) above and the Corporation upon written notification to the holders of the 1979 Bonds within thirty days of receipt of notice from the Trustee of its mandatory redemption obligation hereunder, agrees (a) to pay interest on the outstanding principal amount of the 1979 Bonds in an amount equal to 11.34% from the date on which interest on the 1979 Bonds was included in such holders' gross income to the maturity date (as defined below) of the 1979 Bonds, minus the amount of interest actually paid on the 1979 Bonds from the date of the inclusion of interest in the gross income of the holder and (b) that the maturity date of the 1979 Bonds shall be changed to April 15, 1989 and all outstanding principal on the 1979 Bonds plus unpaid interest accrued to such maturity date shall be payable on such maturity date. The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the pricipal amount thereof plus unpaid interest accrued to the redemption date in a manner as provided in the Ordinance.

The 1979 Bonds shall also be subject to mandatory redemption in whole on the next applicable interest payment date, after receipt by the Trustee of notice from the Corporation to the effect that a majority of the holders of the 1979 Bonds then Outstanding have elected on behalf of all of said Bondholders to require the redemption of the 1979 Bonds based upon both of the conditions in either of subparagraphs (a) or (b) below existing or the condition in subparagraph (c) below existing.

(a) Wacker Chemie GmbH ("Chemie"), a German corporation, shall own directly or indirectly less than 100% but more than 75% of the voting stock of the Corporation and the Corporation shall have a net worth, as determined in accordance with generally accepted accounting principles ("Net Worth") of less than $6,000,000; or

(b) Chemie shall own directly or indirectly less than 75% but more than 51% of the voting stock of the Corporation and the Corporation shall have a Net Worth of less than $10,000,000; or

(c) Chemie shall own dirctly or indirectly less than 51% of the voting stock of the Corporation.

The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date.

If less than all the 1979 Bonds of one maturity shall be called for redemption, the particular 1979 Bonds of such maturity to be redeemed shall be selected by lot by the Trustee or in such other manner as the Trustee in its discretion may deem proper. Any such redemption, either in whole or in part, shall be made upon at least thirty (30) days' and no more than sixty (60) days' prior notice in the manner and upon the terms and conditions provided in the Ordinance. If this bond or any portion hereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for, all as more fully set forth in the Ordinance, interest on this bond or such portion shall cease to accrue from such date, and from and after such date this bond or such portion shall no longer be entitled to any lien, benefit, or security under the Ordinance, and the holder hereof shall have no rights in respect of this bond or such portion except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

This bond shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the manual

signature of a duly authorized officer of the Trustee's certificate of authentication hereon.

No covenant or agreement contained in this bond or the Ordinance shall be deemed to be a covenant or agreement of any member or employee of the Port in his individual capacity, and neither the members of the Port nor any officer thereof executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

To the extent permitted by and as provided in the Ordinance, modifications or alterations of the Ordinance, or of any ordinance supplemental thereto, and of the rights and obligations of the Port and of the holders of the bonds and coupons in any particular may be made with the consent of the Corporation and (a) the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds then outstanding under the Ordinance, and (b) in case less than all of the several series of bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds of each series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms not take effect so long as any bonds of any specified series remain outstanding, the consent of the holders of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding bonds under the Ordinance; provided, further, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of bonds the consent of the holders of which is required for any such modification or alteration, or permit the creation by the Port of any lien prior to, or, except to secure additional bonds, on a parity with, the lien of the Ordinance upon the receipts and revenues of the Port from or in connection with the sale of the Project or which will affect the times, amounts and currency of payment of the principal of and the interest on said bonds. Any such consent by the holder of this bond shall be conclusive and binding upon such holder and all future holders and owners of this bond irrespective of whether or not any notation of such consent is made upon this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this bond exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of Oregon.

IN WITNESS WHEREOF, the Port has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its President and its seal or a facsimile thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the manual of facsimile signature of its Secretary, as of the

THE PORT OF PORTLAND

By_____
President

[SEAL]

ATTEST:

_____
[Assistant] Secretary

[FROM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION ON ALL 1979 SERIES BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) described in the within mentioned Ordinance.

_____
, TRUSTEE

By_____

SECTION 15.09. Publication. A concise summary of this Ordinance including the location within the Port where a complete copy of the Ordinance may be obtained without charge, shall be published within five days after passage, once in a newspaper of general circulation within the Port; and this Ordinance shall, except where otherwise provided by law, become effective thirty (30) days after enacted.

Passed by the Board of Commissioners of The Port of Portland at a meeting on March 14, 1979.

In Witness Whereof, The Port of Portland has caused these presents to be signed in its name and behalf by the President of the Port and its corporate seal to be hereunto affixed and attested by its [Assistant] Secretary as of the 15th day of April, 1979.

THE PORT OF PORTLAND

By _____
President

[SEAL]

Attest:

_____
[Assistant] Secretary

In the presence of

Carla Shoemaker

Jennifer Lipscomb

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project will be located at the Corporation's Plant, located in Portland, Oregon, and will consist of the following industrial development facilities:

The administrative-headquarter building of the Corporation, which is a building 210 feet long, 150 feet wide and covers an area of 26,100 square feet, and which is located on the land described in Exhibit B attached to the Ordinance.

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EXHIBIT B

DESCRIPTION OF LAND

The industrial development facilities described in Exhibit A as attached to the Ordinance will be located on the following described land:

A tract of land in Section 13, Township 1 North, Range 1 West, Willamette Meridian, in the City of Portland, County of Multnomah, State of Oregon.

Beginning at a point South 86°00'29" West 325.38 feet from the intersection of the Harbor Line and the Northerly line of the S.P. & S.R.R. right-of-way, from which Harbor Line monument No. 50 bears South 42°01'25" West 419.42 feet and South 46°01'03" East 137.16 feet; thence South 35°33'55" West 100.00 feet; thence North 54°26'05" West 90.00 feet; thence South 35°33"55" West 60.00 feet; thence North 54°26'05" West 130.00 feet; thence North 35°33'55" East 160.00 feet; thence South 54°26'05" East 220.00 feet to the point of beginning.

Containing 29,800 square feet more or less or 0.6841 acres more or less.

SCOEPA00001154

State of Oregon)
) ss
County of Multnomah)

On this 14th day of March, 1979, before me appeared Kenneth Lewis and Gabriel Vallicelli, who, being duly sworn, did say that he, Kenneth Lewis, is the President and he Gabriel Vallicelli, is the Assistant Secretary of the within named The Port of Portland, a municipal corporation, that the seal to the within instrument is the corporate seal of said municipal corporation, and that said instrument was signed and sealed by authority of its Board of Commissioners, and Kenneth Lewis and Gabriel Vallicelli acknowledged this to be the free act and deed of said municipal corporation. IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed by official seal this day and year first in this certificate written.

Patricia J. Shaw
Notary Public for Oregon
2/22/83 Commission Expires

1.2

1.2

THE PORT OF PORTLAND
NOTICE OF INTENT TO
ENACT BOND ORDINANCES

Public notice is hereby given that on March 14, 1979, at 9:00 A.M. the Board of Commissioners of The Port of Portland will meet at the Lloyd Building, 13th Floor, 700 NE Multnomah Street, Portland, Oregon to consider and enact the following bond ordinances.

ORDINANCE NO. 245

An ordinance authorizing and providing for the issuance by The Board of Commissioners of The Port of Portland, Oregon (the "Port") of its revenue bonds, designated "Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)", in the aggregate principal amount of not exceeding $3,500,000.00, and additional bonds, pursuant to the provisions of Chapters 777 and 778 of the Oregon Revised Statutes in order to use the proceeds to acquire and construct certain air and water pollution control facilities and to sell such pollution control facilities to Wacker Siltronic Corporation (the "Corporation"); making certain findings, among others, concerning the public benefit and purpose of the revenue bonds; prescribing the terms, conditions, security, form and tenor of such bonds; providing for the enactment of supplemental ordinances; approving the form of the installment sale agreement to be entered into between the Port and the Corporation; and generally providing for and determining various matters in connection with the authorization, issuance, security, sale and payment of such revenue bonds.

ORDINANCE NO. 246

An ordinance authorizing and providing for the issuance by The Board of Commissioners of The Port of Portland, Oregon (the "Port") of its revenue bonds, designated "Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)", in the aggregate principal amount of not exceeding $1,000,000, and additional bonds, pursuant to the provisions of Chapters 777 and 778 of the Oregon Revised Statutes in order to use the proceeds to acquire and construct certain industrial development facilities and to sell such industrial development facilities to Wacker Siltronic Corporation (the "Corporation"); making certain findings, among others, concerning the public benefit and purpose of the revenue bonds; prescribing the terms, conditions, security, form and tenor of such bonds; providing for the enactment of supplemental ordinances; approving the form of installment sale agreement to be entered into between the Port and the Corporation; and generally providing for and determining various matters in connection with the authorization, issuance, security, sale and payment of such revenue bonds.

Such meeting will be a public meeting and all persons who may be interested therein will be given an opportunity to be heard concerning the same.

THE PORT OF PORTLAND
Gabriel Vallicelli
Director - Finance
and Administration

In the _____ *Court of the State of Oregon*

for the County of Multnomah

_____ Plaintiff

vs

_____ Defendent

Affidavit of Publication

STATE OF OREGON

County of Multnomah _____ } s.s

I, JM MCINTEER being first duly sworn depose and say that I am the Principal Clerk Of The Publisher of The Oregonian, a newspaper of general circulation, as defined by ORS 193.010 and 193.020, published in the City of Portland, in Multnomah County, Oregon: that the advertisement, a printed copy of which is hereto annexed, was published without interruption in the entire and regular issues of The Oregonian for TWO successive and consecutive ISSUE on the following dates: 02/27-03/06 1979

JM McInteer

Principal Clerk Of The Publisher

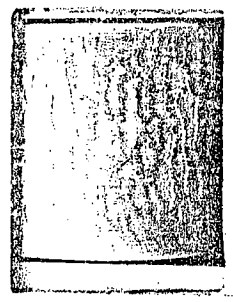
Subscribed and sworn to before me this 8 day of March 19 79

Abigail F. Burgess

Notary Public for Oregon

F-1703

My Commission expires: My Commission Expires July 8, 1979



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1.3

NOTICE
THE PORT OF PORTLAND,
OREGON
SUMMARY OF
ORDINANCE NO. 245
ENACTED BY THE BOARD
OF COMMISSIONERS OF
THE PORT OF PORTLAND
ON MARCH 14, 1979

Notice is hereby given that a regular meeting of the Board of Commissioners of The Port of Portland ("Port"), held on March 14, 1979, Ordinance No. 245 ("Ordinance No. 245") was enacted. The title and summary of Ordinance No. 245 follows:

TITLE

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE BY THE BOARD OF COMMISSIONERS OF THE PORT OF PORTLAND, OREGON (THE "PORT") OF ITS REVENUE BONDS, DESIGNATED "POLLUTION CONTROL REVENUE BONDS, 1979 SERIES (WACKER SILTRONIC CORPORATION PROJECT)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING $3,500,000, AND ADDITIONAL BONDS, PURSUANT TO THE PROVISIONS OF CHAPTERS 777 AND 778 OF THE OREGON REVISED STATUTES IN ORDER TO USE THE PROCEEDS TO ACQUIRE AND CONSTRUCT CERTAIN AIR AND WATER POLLUTION CONTROL FACILITIES AND TO SELL SUCH POLLUTION CONTROL FACILITIES TO WACKER SILTRONIC CORPORATION (THE "CORPORATION"), MAKING CERTAIN FINDINGS, AMONG OTHERS, CONCERNING THE PUBLIC BENEFIT AND PURPOSE OF THE REVENUE BONDS; PRESCRIBING THE TERMS, CONDITIONS, SECURITY, FORM AND TENOR OF SUCH BONDS, PROVIDING FOR ENACTMENT OF SUPPLEMENTAL ORDINANCES; APPROVING THE FORM OF THE INSTALLMENT SALE AGREEMENT TO BE ENTERED INTO BETWEEN THE PORT AND THE CORPORATION; AND GENERALLY PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH THE AUTHORIZATION, ISSUANCE, SECURITY, SALE AND PAYMENT OF SUCH REVENUE BONDS.

SUMMARY

Pursuant to Ordinance No. 245 of the Port (referred to herein as the "Ordinance") the Port has determined to issue and sell not exceeding $3,500,000 principal amount of its Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) ("1979 Series Bonds") and to use the proceeds of the 1979 Series Bonds to pay a portion of the cost of constructing certain air and water pollution control facilities (the "Project") to be used in connection with the plant of Wacker Siltronic Corporation (the "Corporation") located in Portland, Oregon. Such Project will be sold by the Port to the Corporation pursuant to the Installment Sale Agreement, dated as of April 15, 1979, between the Port and the Corporation (the "Sale Agreement"). The payments of principal, interest and premium, if any, in respect to the 1979 Series Bonds have been unconditionally guaranteed by Wacker Chemical Corporation pursuant to the Guarantee Agreement, dated as of April 15, 1979, by and between Wacker Chemical Corporation and First National Bank of Oregon, Portland, Oregon, as Trustee. The 1979 Series Bonds will be equally and ratably secure under the Ordinance and the 1979 Series Bonds, together with the interest thereon, are limited obligations of the Port payable solely from the revenues derived under the Agreement, the proceeds of the 1979 Series Bonds and the income earned by the investment of funds under the Ordinance. The 1979 Series Bonds and the Sale Agreement shall not constitute an indebtedness or a charge against the general credit or taxing power of the Port within the meaning of any constitutional provision or statutory limitation and shall never constitute, nor give rise to a pecuniary liability of the Port.

The 1979 Series Bonds shall be dated; shall bear interest at a rate or rates not in excess of the maximum legal rates; shall be payable and shall mature by their terms at such time or times; shall be subject to redemption at the times and redemption prices and upon such notice and in such manner and upon such terms and conditions; shall be subject to such mandatory purchase and sinking fund redemption in such amounts, at such time, in such manner and upon such conditions; shall be subject to acceleration of maturity upon the happening of such events; and shall be subject to such other terms and conditions, all subject to and as specified by the Ordinance.

Copies of Ordinance No. 245, the Installment Sale Agreement and the Guarantee Agreement are available from the undersigned at the offices of the Port, the Lloyd Building, 700 N.E. Multnomah, Portland, Oregon.

Dated the 14th day of March, 1979.

The Port of Portland
By: Gabriel Vatticelli
Director of Finance
and Administration

Published March 15, 1979

/ 3

In the _____ *Court of the State of Oregon*

for the County of Multnomah

_____

_____ Plaintiff

vs.

_____

_____ Defendent

Affidavit of Publication

STATE OF OREGON

County of Multnomah } s.s

I, J. M. McInteer being first duly sworn depose and say that I am the Principal Clerk Of The Publisher of The Oregonian, a newspaper of general circulation, as defined by ORS 193.010 and 193.020, published in the City of Portland, in Multnomah County, Oregon; that the advertisement, a printed copy of which is hereto annexed, was published without interruption in the entire and regular issues of The Oregonian for one successive and consecutive issue on the following dates: 3/15/79

J M McInteer

Principal Clerk Of The Publisher

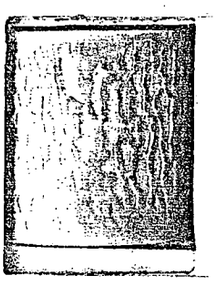
Subscribed and sworn to before me this 4th day of April, 1979

Notary Public for Oregon

My Commission Expires July 8, 1979

F-1703

My Commission expires: _____



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1.4

Exhibit A

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT, made and entered into this 24th day of May, 1978, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon (hereinafter referred to as the "Port"), and WACKER CHEMICAL CORPORATION, a New York corporation, and WACKER SILTRONIC, a Delaware corporation (hereinafter referred to as the "Company"),

W I T N E S S E T H:

WHEREAS, the Port is authorized under the provisions of Oregon Revised Statutes, Chapters 777 and 778 (hereinafter referred to as the "Statutes"), to issue pollution control and industrial development bonds to defray in whole or in part the cost of pollution control and industrial development facilities to be located within the territorial boundaries of the Port; and

WHEREAS, in order to implement the public purposes enumerated in the Statutes and in furtherance thereof to induce the Company to acquire, construct and equip a manufacturing plant, including all necessary land and buildings within the territorial boundaries of the Port, the Port has offered to issue its pollution control and industrial development bonds under the Statutes and apply the proceeds therefrom to the payment of the cost of acquiring, constructing and equipping pollution control and industrial development facilities (hereinafter referred to collectively as the "Projects"); and

WHEREAS, the Company, after considering a number of possibile locations, and in reliance upon the offer of the Port to finance in part the acquisition, construction and equipping of the Projects through the issuance of pollution control and industrial development bonds under the provisions of the Statutes, has determined to locate a manufacturing plant within the territorial boundaries of the Port; and

WHEREAS, it is now deemed advisable to express formally and in writing the understanding heretofore informally agreed upon by the parties hereto;

NOW, THEREFORE, in consideration of the premises and of the mutual undertakings herein expressed, the Port and the Company hereto recognize and agree as follows:

A. The Port finds, intends, declares and agrees:

1. That the Port is authorized by the provisions of the Statutes to acquire, construct and equip the Projects described in

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Exhibit 1 hereto; and for the purpose of paying the cost of such acquisition, construction and equipping, including expenses incidental thereto, is authorized by the aforementioned Statutes to issue its pollution control and industrial development bonds payable from the revenues and receipts derived from the lease or sale of the Projects by the Port to the Company.

2. a. That the Port will, subject in all respects to the provisions and requirements of the Statutes and to a sale of separate issues of pollution control and industrial development bonds on terms satisfactory to the Company and the Port, use its best efforts to authorize, issue, sell and deliver its pollution control bonds in a principal amount not to exceed $5,000,000 and its industrial development bonds in principal amount not to exceed $1,000,000 (collectively the "Bonds"), and apply the proceeds therefrom to the payment of the cost of acquisition, construction and equipping of the Projects.

b. That the Port will investigate the legality of its authorizing an additional amount of taxable revenue bonds not to exceed $8,000,000.

3. That it will, after securing the consent of the Company, enter into an underwriting agreement with one or more investment banking firms (the "Underwriters") whereby the Underwriters will agree to purchase the Bonds from the Port and the Port will agree to sell the Bonds to the Underwriters, at such times and in such amounts as may be agreed upon by the Port and the Company, and the Bonds will bear such interest rate or rates and contain such other terms and conditions as shall be authorized by law and mutually satisfactory to the Port and the Company.

4. That the issuance and sale of the Bonds in the amount and for the purposes hereinabove set forth will be appropriate and consistent with the objectives of the Statutes and that the adoption of the Agreement is and constitutes the taking of affirmative official action by the Port towards the issuance of the Bonds within the meaning of Section 1.103-8(a)(5) of the Internal Revenue Service regulations pertaining to pollution control and industrial development bonds.

5. That at the proper time or times and subject in all respects to the advice, consent and approval of the Company, the Port will adopt, or cause to be adopted, such proceedings and resolutions and authorize the execution of such documents and agreements as may be necessary and advisable for the acquisition and construction of the Projects, as aforesaid, and the lease or sale of the Projects to the Company thereof all as shall be authorized by law and mutually satisfactory to the Port and the Company; provided that in all events the sums payable under such documents and agreements shall be sufficient to pay the principal of and interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable, together with all reasonable and necessary expenses of the Port in connection with the financing of the Projects over the term of the Bonds.

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B. The Company finds, intends, declares and agrees:

1. That the construction of the industrial plant by the Company will result in increased employment and will increase the local industrial tax base.

2. That it will enter into a contract or contracts, and perform to the extent necessary or appropriate under contracts already entered into, for the construction and equipping of the Projects and that at the time of the delivery of the Bonds, it will convey or transfer the Projects and assign such contracts to the Port subject only to such liens, charges and encumbrances as shall be agreed to by the Port and the Company.

3. That if required by the Port, it will guarantee or cause to be guaranteed the principal of and interest on the Bonds and will execute or cause to be executed a guaranty agreement therefor.

4. That contemporaneously with the delivery of the Bonds it will enter into a lease or sales agreement, or supplements or amendments thereto, with the Port or an intermediary entity under the terms of which the Company will obligate itself to pay to the Port directly or through such intermediary entity sums sufficient in the aggregate to pay the principal of and interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable, together with all expenses, costs or outlays incurred by the Port in connection with the financing of the Project over the term of the Bonds including but not limited to an administrative management fee payable at the time of closing each bond issue, such administrative fee to be annually one-tenth of 1 percent of the aggregate principal outstanding but no less than $5,000 per year, and the Port's attorneys' fees and expenses incurred by reason of the issuance of the bonds; such lease or agreement to contain such provisions as may be required by law, and such other provisions as shall be mutually acceptable to the Port and the Company. Such lease or sales agreement shall also obligate the Company to pay the Port all other fees and costs incurred by the Port by reason of the outstanding bonds, including the annual administrative management fee.

5. That the Company, if requested by the Port, either in such lease or sales contract or in a separate document, shall grant to the Port, for the benefit of the Port or a trustee for the holders of the bonds, a mortgage or other security interest in the Projects.

6. That it will take such further action and adopt such other proceedings or resolutions as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

7. That if the events set forth herein do not take place by June 1, 1979, or any extension thereof and at least one series of the

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Bonds is not sold within such time, the company agrees that it will promptly thereafter reimburse the Port for all reasonable and necessary direct or indirect expenses which the Port may have incurred in connection with the Projects and the financing thereof and arising from the execution of this Agreement and the performance by the Port of its obligations hereunder, and this Agreement shall thereupon terminate.

8. That the Company shall indemnify and hold the Port harmless against all liabilities incurred in connection with the acquisition or installation of all facilities for the Projects. In the event bond proceeds are insufficient to pay the total cost of the acquisition and the installation thereof, the Company shall pay the amount of any such deficiency.

C. The Port and the Company find, intend, declare and agree:

1. That the Bonds shall never constitute an indebtedness of the Port or a loan of credit thereof within the meaning of any constitutional or statutory provision, and such fact shall be plainly stated on the face of the Bonds. No holder of any of the Bonds shall ever have the right to compel any exercise of the taxing power of the Port to pay the aggregate principal amount of the Bonds or any interest thereon. The principal, premium (if any) and interest on the Bonds to be issued to finance the Projects shall be secured by a pledge to a trustee acting under a trust indenture for the benefit of the holder or holders of the Bonds of the revenue and receipts to be derived by the Port from the Projects.

2. That all commitments of the Port and the Company hereunder (except the agreements and commitments of the Company under Clauses 7 and 8 of Paragraph B hereof) are subject to the conditions that on or before June 1, 1979, (or such other date as shall be mutually satisfactory to the Port and the Company) the Port and the Company shall have agreed to mutually acceptable terms for no less than one series of the Bonds and the sale and delivery thereof, and mutually acceptable terms and conditions for the contracts and agreements referred to in this Agreement.

3. That it is desirable that the Company act as agent for the Port and arrange for the acquisition, construction and equipping of the Projects in order to ensure that the Projects will conform to the requirements of the Company.

4. That this Agreement shall be binding upon the Port and the Company, and upon their respective successors and assigns.

5. That this Agreement may be executed in separate counterparts, all of which shall be deemed a single instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

APPROVED AS TO FORM

of Counsel for The Port of Portland

APPROVED BY COMMISSION

5-24 1978

THE PORT OF PORTLAND

By _____
(Vice) President

By _____
Assistant Secretary

WACKER CHEMICAL CORPORATION

By _____
Director

WACKER SILTRONIC CORPORATION

By _____
President

Statement of Notary

State of California
County of Santa Clara

Sworn and subscribed to by me on the 25th day of May, 1978.

_____
Notary Public

My commission expires Dec. 5, 1980.

OFFICIAL SEAL
IRENE A. GAGNE
NOTARY PUBLIC - CALIFORNIA
SANTA CLARA COUNTY
My comm. expires DEC 5, 1980

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EXHIBIT 1

Description of the Project

The Project is a facility for the manufacture and distribution of hyper-pure silicone wafers. There will be a process building of approximately 120,000 square feet, a headquarters facility and a warehouse, shipping, receiving and maintenance building. Parking will be provided for employees and visitors.

The Project will include air pollution control facilities consisting of an NO_x scrubber and related equipment. Waste water treatment facilities will be provided to remove inorganic acids and bases, silicon sludge and organic compounds.

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1.5

INSTALLMENT SALE AGREEMENT

BETWEEN

THE PORT OF PORTLAND

AND

WACKER SILTRONIC CORPORATION

Dated as of April 15, 1979

(and Assignment to First National Bank of Oregon,

Trustee, Dated as of April 15, 1979)

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Installment Sale Agreement

THIS INSTALLMENT SALE AGREEMENT, dated as of April 15, 1979, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon (hereinafter called the "Port"), party of the first part, and WACKER SILTRONIC CORPORATION, a corporation organized and existing under the laws of the State of Delaware (hereinafter called the "Corporation"), party of the second part.

W I T N E S S E T H :

WHEREAS, the Port is authorized by the provisions of Chapter 777 and Chapter 778 of the Oregon Revised Statutes, as amended, to issue revenue bonds for the purpose of constructing buildings and other improvements and acquiring personal properties including but not limited to machinery and equipment considered necessary whether or not now in existence or under construction, suitable for use by any industry for the manufacturing, refining, processing or assembling of any agricultural, mining or other products; and

WHEREAS, the Port has authorized as a project the acquisition, construction and installation of certain industrial development facilities at the Corporation's plant in Portland, Oregon, as more fully described in Exhibits A and B to this Agreement, said project to be acquired, constructed and installed for and at the expense of the Port and to be sold to the Corporation on the terms and conditions hereinafter set forth; and the Port has further authorized the issuance and sale of $1,000,000 aggregate principal amount of its Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (hereinafter called the "1979 Series Bonds"), the proceeds to be used to pay a portion of the costs of acquiring, constructing and installing said project; and

WHEREAS, the 1979 Series Bonds are to be issued under and secured by an Ordinance enacted by the Port on March 14, 1979.

WHEREAS, the Port has duly authorized the execution of this Agreement by proper corporate action;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

That the parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, DO HEREBY AGREE as follows:

ARTICLE I

DEFINITIONS.

The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings in this Article I specified, unless the context clearly otherwise requires:

Act:

"Act" shall mean Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended, and all future acts supplemental thereto or amendatory thereof.

Additional Bonds:

"Additional Bonds" shall mean Bonds of any Series, other than the 1979 Series Bonds, duly authenticated and delivered pursuant to the Ordinance.

Administration Expenses:

"Administration Expenses" shall mean (i) an annual administrative management fee to be paid by the Corporation to the Port on May 1, 1979 and each May 1 thereafter so long as any Bonds are outstanding in an amount equal to 1/10 of 1% of the aggregate principal amount of the Bonds outstanding on the date of payment, but not less than $2,500, and (ii) the compensation and expenses paid to or incurred by the Trustee under the Ordinance.

Agreement:

"Agreement" shall mean this Installment Sale Agreement dated as of April 15, 1979 between the Port and the Corporation and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof and the Ordinance.

Authorized Company Representative:

"Authorized Company Representative" shall mean any person at the time designated to act on behalf of the Corporation by a written certificate, signed on behalf of the Corporation by its President or one of its Vice Presidents or its Treasurer and its Secretary or one of its Assistant Secretaries and furnished to the Port and the Trustee, containing the specimen signature of each such person.

Bondholder:

"Bondholder" or "holder of the Bonds" or "holder" shall mean the bearer of any coupon Bond or the registered owner of any registered Bond.

Bonds:

"Bond" or "Bonds" shall mean any bond or all of the bonds, as the case may be, of the Port authorized and issued by the Port, authenticated by the Trustee and delivered under the Ordinance.

The term "outstanding", when used with reference to Bonds, shall mean, except as otherwise provided in Section 1.01 of the Ordinance, at any date as of which the amount of outstanding Bonds is to be determined, the aggregate of all Bonds authorized, issued, authenticated and delivered under the Ordinance, except:

(a) Bonds cancelled on or prior to such date;

(b) Bonds for the payment of which cash shall have been theretofore deposited with the Trustee in an amount equal to the principal amount thereof and interest thereon to maturity; and

(c) Bonds for the redemption of which cash shall have been theretofore deposited with the Trustee; provided that notice of such redemption shall have been given as in Article VIII of the Ordinance provided or provision satisfactory to the Trustee shall have been made therefor.

In determining whether the holders of the requisite aggregate principal amount of Bonds outstanding have consented under this Agreement, Bonds which are owned by the Corporation or the Port shall be disregarded and deemed not to be outstanding for the purpose of any such determination.

Bond Fund:

"Bond Fund" shall mean the fund created under Article VI of the Ordinance.

Completion Date:

"Completion Date" shall mean the date of completion of the acquisition, construction and installation of the Project, as that date shall be certified pursuant to Section 3.05 hereof.

Construction Fund:

"Construction Fund" shall mean the fund created under Article V of the Ordinance.

Corporation:

"Corporation" shall mean Wacker Siltronic Corporation, a Delaware corporation, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 5.02 hereof.

Cost:

"Cost", when used in connection with the Project described in Exhibit A hereto, any enlargements, improvements or extensions of such Project, or any additional industrial development facilities at the Plant, shall be deemed to include, whether incurred prior to or after the date of this Agreement, (a) obligations of the Port or of the Corporation or any affiliate of the Corporation incurred for labor, materials and other expenses and to contractors, builders and materialmen in connection with the acquisition, construction and installation of the facilities being acquired, constructed or installed; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the facilities being acquired, constructed or installed which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Port and the Corporation and any affiliate of the Corporation for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the facilities being acquired, constructed or installed; (d) compensation and expenses of the Trustee, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the issuance of the Bonds, including any payments to be made by the Corporation pursuant to the definition of Administration Expenses and under the memorandum of agreement between the Port and the Corporation, dated May 24, 1978, which are not otherwise provided for under the terms of this Agreement; (e) all other costs which the Port or the Corporation or any affiliate of the Corporation shall be required to pay under the terms of any contract or contracts for the acquisition (by purchase, lease or otherwise), construction or installation of the facilities being acquired, constructed or installed; (f) any sums required to reimburse the Port or the Corporation or any affiliate of the Corporation for advances made by any of them for any of the above items, or for any other costs incurred and for work done by any of them, which are properly chargeable to the facilities being acquired, constructed or installed; (g) any amount designated by the Corporation for deposit in the Bond Fund for payment of interest on

the 1979 Series Bonds to a date not later than April 15, 1980 and, in the case of a Series of Additional Bonds, such date or dates as shall be specified in the Supplemental Ordinance providing for the issuance of such Series of Additional Bonds; (h) the costs of title insurance or title opinion obtained pursuant to the provisions of this Agreement; and (i) payment of any other costs and expenses relating to the construction of the Project and financing thereof, including, without limitation, taxes payable under Section 4.11 hereof, administrative expenses of the Port, and expenses incurred pursuant to Section 3.07 hereof.

Exempt Costs:

"Exempt Costs" shall mean amounts expended for the acquisition, construction, reconstruction or improvement of land or property of a character subject to the allowance of depreciation under Section 167 of the Internal Revenue Code of 1954, as amended.

Financing Statement:

"Financing Statement" shall mean a financing statement or continuation statement filed pursuant to the provisions of the Uniform Commercial Code of the State of Oregon or such other jurisdiction the laws of which are applicable.

Installment Payment Date:

"Installment Payment Date" shall mean each date designated as such under Section 4.02 hereof.

Mortgage

"Mortgage" shall mean the mortgage of the Project by the Port to the Trustee pursuant to the Ordinance.

Opinion of Counsel:

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or of counsel to the Corporation, or bond counsel, or may be other counsel satisfactory to the Trustee.

Ordinance:

"Ordinance" shall mean Ordinance No. 246 of the Port enacted March 14, 1979, pursuant to which the Bonds are to be issued and secured, as the same may be amended or supplemented from time to time in accordance with the provisions thereof.

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Permitted Encumbrances:

"Permitted Encumbrances" shall mean and include:

(a) undetermined liens and charges incident to construction or maintenance, and liens and charges incident to construction or maintenance now or hereafter filed of record which are being contested in good faith and have not proceeded to judgment provided that the Corporation shall have set aside adequate reserves with respect thereto;

(b) the lien of taxes, assessments and other governmental charges and assessments which are not delinquent;

(c) the lien of taxes, assessments and other governmental charges and assessments which are delinquent but the validity of which is being contested in good faith and with respect to which the Corporation shall have set aside adequate reserves unless thereby any of the Project or the interest of the Port therein may be in danger of being lost or forfeited;

(d) minor defects and irregularities in the title to the Project which do not in the aggregate materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held;

(e) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is or may reasonably be expected to be held;

(f) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Project which do not materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held;

(g) any obligations or duties affecting any portion of the Project to any municipality or

governmental or other public authority with respect to any right, power, franchise, grant, license or permit;

(h) present or future zoning laws and ordinances;

(i) the rights of the Port under the Agreement;

(j) the lien and charge of the Ordinance;

(k) all rights that the City of Portland, Oregon may hold pursuant to a Development and Disposition Agreement dated as of May 26, 1978 by and between said City and the Corporation and Wacker.

Plans and Specifications:

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, certified by an Authorized Company Representative and filed with the Port at the date of issuance of the 1979 Series Bonds, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the Completion Date in accordance with Section 3.04 of this Agreement.

Plant:

"Plant" shall mean the silicon wafer manufacturing facility of the Corporation located in Portland, Oregon, in connection with which the Project is designed to be used.

Port:

"Port" shall mean The Port of Portland, a municipal corporation of the State of Oregon, and any successor to its duties and functions.

Principal Installment Date:

"Principal Installment Date" shall mean any date on which the principal of any Bonds shall mature or on which amounts are required to be deposited in the Bond Fund.

Project:

"Project" shall mean (1) the industrial development facilities described in Exhibit A hereto, including any modifications thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided by the Plans and Specifications, but not including personal property installed in accordance with Section 4.14 of this Agreement, and that land upon which the

industrial development facilities are located, as more specifically described in Exhibit B attached hereto, (2) enlargements, improvements or extensions of said facilities financed by Additional Bonds, and (3) additional industrial development facilities at the Plant financed by Additional Bonds.

Secretary:

"Secretary" shall mean the duly authorized Secretary or Assistant Secretary or Assistant Secretaries of the Port.

Series or Series of Bonds:

"Series" or "Series of Bonds" shall mean all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the provisions of the Ordinance, regardless of variations in maturity, interest rate, sinking fund requirements, or other provisions.

1979 Series Bonds:

"1979 Series Bonds" shall mean the Series of Bonds in the aggregate principal amount of $1,000,000 initially issued under the Ordinance.

Sinking Fund Requirement:

"Sinking Fund Requirement" means with respect to (i) the 1979 Series Bonds, the amounts so designated and established pursuant to Section 2.02 of the Ordinance, and (ii) any Series of Additional Bonds, any amount so designated pursuant to the Supplemental Ordinance providing for issuance of such Additional Bonds.

Supplemental Ordinance:

"Supplemental Ordinance" shall mean any ordinance supplementary to or amendatory of the Ordinance as originally enacted which is duly enacted in accordance with the provisions of the Ordinance.

Trustee:

"Trustee" shall mean First National Bank of Oregon (and its corporate successors), as Trustee under the Ordinance, and its successors thereunder.

Wacker:

"Wacker" shall mean (i) Wacker Chemical Corporation, a New York Corporation, and its successors and assigns and (ii) any surviving, resulting or transferee Corporation as provided in Section 2.6 of the Guarantee Agreement, dated as of April 15, 1979, between said Wacker Chemical Corporation and the Trustee.

ARTICLE II

REPRESENTATIONS AND FINDINGS.

SECTION 2.01. Representations of the Port. The Port makes the following representations as the basis for the undertakings on the part of the Corporation herein contained:

(a) The Port is a municipal corporation, duly created and existing under and pursuant to laws of the State of Oregon;

(b) The Port has full power and authority to enter into the transactions contemplated by this Agreement and the Ordinance and to carry out its obligations hereunder and thereunder;

(c) The Port has been duly authorized to execute and deliver this Agreement and to enact the Ordinance and by proper action has duly authorized the execution and delivery of this Agreement and the enactment of the Ordinance; and

(d) Under existing federal, state and local statutes and decisions no taxes on income or profits are imposed on the Port.

(e) The Bonds, together with the interest thereon, are limited obligations of the Port payable solely from the payments made pursuant to the Agreement, the proceeds of the Bonds and the income earned by the investment of funds under the Ordinance, and the Bonds and the Agreement shall not constitute an indebtedness, a general obligation or a charge against the general credit or taxing power of the Port within the meaning of any constitutional or charter provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Port.

SECTION 2.02. Representations of Corporation. The Corporation makes the following representations as the basis for the undertakings on the part of the Port herein contained:

(a) The Corporation is a corporation duly incorporated and in good standing under the laws of the State of Delaware, is duly qualified and authorized to engage in business in the State of Oregon, has power to enter into this Agreement and by proper corporate action has duly authorized the execution and delivery hereof;

(b) The Corporation is not in violation of any provision of its certificate of incorporation, its by-laws or any laws in any manner material to its ability to perform its obligations under this Agreement.

(c) The Project is of the type authorized and permitted by the Act, and the estimated Cost of the Project is not less than the principal amount of the Series 1979 Bonds.

(d) Substantially all (90% or more) of the proceeds of the 1979 Series Bonds (after reduction for compensation and expenses of the Trustee, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the issuance of the Bonds) will be used to provide Exempt Costs.

(e) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflicts with or results in a breach of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Corporation is now a party or by which it is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Corporation under the terms of any instrument or agreement.

ARTICLE III

COMPLETION OF PROJECT; ISSUANCE OF THE BONDS.

SECTION 3.01. Corporation to Construct Project. The Corporation will acquire, construct and install the Project, or cause the Project to be acquired, constructed and installed, for and at the expense of the Port as herein provided substantially in accordance with the Plans and Specifications, and will use its best efforts to cause the acquisition, construction and installation thereof to be completed by December 1, 1980, or as soon thereafter as may be practicable, delays incident to the events specified in the first sentence of the last paragraph of Section 7.01 hereof or any other delay beyond the reasonable control of the Corporation only excepted; but if for any reason such acquisition, construction and installation shall not be completed by said date there shall be no resulting diminution in or postponement of the purchase price payments required in Section 4.02 hereof to be paid by the Corporation. The Project shall belong to and be the property of the Port until title thereto vests in the Corporation pursuant to this Agreement.

Anything in this Agreement notwithstanding, the Corporation shall not be obligated to complete the acquisition, construction and installation of the Project upon acceleration of the payment of the applicable unpaid portion of the purchase price therefor pursuant to the provisions of Section 8.01 or 8.02 hereof and the making of any such payment in the amount required by, and in accordance with the terms of, this Agreement.

The Corporation hereby agrees to convey the land described in Exhibit B attached hereto to the Port which land shall thereupon constitute part of the Project. The Corporation shall deliver to the Port at its own expense, a title opinion or title insurance policy, satisfactory to the Port, which shows that the Port has acquired from the Corporation good and marketable title to said land, free from all encumbrances other than Permitted Encumbrances.

Prior to the passage of the conveyance of title to the Project to the Corporation pursuant to the terms of this Agreement, sole and exclusive possession of the Project shall be in the Corporation, Wacker or any affiliate designated by it, subject to Permitted Encumbrances, and also subject to the right of inspection by a duly authorized representative of the Port, which inspection shall be made during business hours and upon reasonable notice.

The Port shall have, and the Corporation hereby grants to the Port, all easements and rights of way, which shall be non-exclusive, in, over and upon (a) the land owned by the Corporation upon which the Plant is, and the Project is to be, situated and (b) such part of the Plant as may be necessary or convenient in order to enable the Port and the Trustee to take all remedial steps authorized

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under Section 7.02 hereof in the event of a default by the Corporation under this Agreement or otherwise to exercise their rights under this Agreement.

The right of inspection and easements and rights of way hereby granted to the Port may be exercised only after the Port or any agent thereof shall have executed a release of liability and secrecy agreement in the form then currently used by the Corporation. Further, nothing contained in this Section on in any other provision of this Agreement shall be construed to entitle the Port or any of its assigns to any information or inspection involving the confidential know-how of the Corporation.

In order to effectuate the purposes of this Agreement, the Corporation will make, execute, acknowledge and deliver, or cause to be made, executed, acknowledged and delivered, all contracts, orders, receipts, writings and instructions, in the name of the Corporation or otherwise, with or to other persons, firms or corporations, and in general do or cause to be done all such other things as may be requisite or proper for the acquisition, construction and installation of the Project and fulfillment of the obligations of the Corporation under this Agreement.

The Corporation will maintain such records in connection with the acquisition, construction and installation of the Project as to permit reasonably ready identification thereof.

SECTION 3.02. Sale of 1979 Series Bonds, Additional Bonds. In order to provide funds for payment of a portion of the Cost of the Project, the Port, as soon as practicable after the execution of this Agreement, will sell, issue and deliver to the initial purchasers thereof the 1979 Series Bonds and deposit the proceeds thereof with the Trustee, as follows: (a) in the Bond Fund, a sum equal to the accrued interest, if any, paid by the initial purchasers of the 1979 Series Bonds, and (b) in the Construction Fund, the balance of the proceeds to be received from said sale.

Upon written request from the Corporation to the Port to issue Additional Bonds to complete payment of the Cost of the Project, the Port shall use its best efforts to issue such Bonds in one or more Series for such purpose in accordance with the provisions of the Ordinance and the Act; provided, however, that the failure of the Port to issue Additional Bonds shall not release the Corporation from any of the provisions of this Agreement, regardless of the reason for such failure.

SECTION 3.03. Payments from Construction Fund. The Port has, in the Ordinance, authorized and directed the Trustee to make payments from the Construction Fund to pay the Cost of the Project, upon receipt by the Trustee of requisitions (upon which both the Port and the Trustee shall rely and shall be protected in relying) signed

by an Authorized Company Representative, stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm or corporation to whom payment is due (or, in the case of payments to the Bond Fund, instructions to make such payments to the Bond Fund), (3) the amount to be paid and (4) that each obligation, item of cost or expense mentioned therein has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous withdrawal. The Port shall receive a copy from the Corporation of all such requisitions from the Corporation within 1 day from receipt thereof by the Trustee. The payment from the Construction Fund for the portion of the Project constructed by the Corporation or any affiliate of the Corporation shall be made only upon the Corporation's delivering, or causing to be delivered, all such deeds, bills of sale or other title documents as shall be necessary or appropriate to convey title thereto, subject to Permitted Encumbrances, to the Port. The Corporation covenants and agrees that it will not submit any requisition or requisitions which, if paid, would result in less than substantially all of the moneys in the Construction Fund being applied to Exempt Costs.

SECTION 3.04. Revision of Plans and Specifications. The Corporation may revise the Plans and Specifications at any time and from time to time prior to the Completion Date. No revision in such Plans and Specifications will be made in the course of construction of the Project unless and until such revision shall have been certified by an Authorized Company Representative and filed with the Port. No material change in the Plans and Specifications shall be made unless (i) a copy of each such revision, duly certified by an Authorized Company Representative, shall be filed with the Port; (ii) an Authorized Company Representative shall certify to the Trustee that such revision does not materially decrease the value of the Project; and (iii) the Trustee shall be furnished with either an unqualified Opinion of Counsel experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions or a ruling of the Internal Revenue Service that such revision and the expenditure of moneys from the Construction Fund to pay the Cost of the Project in accordance with such revision will not impair the exemption of interest on outstanding Bonds from Federal income taxation.

SECTION 3.05. Certificate of Completion of Project. As each portion of the Project is completed and ready to be placed in service, the Corporation shall so notify the Trustee by a certificate of an Authorized Company Representative. The Completion Date shall be evidenced to the Trustee and the Port by a certificate of an Authorized Company Representative stating that the acquisition, construction and installation of the Project has been completed substantially in accordance with the Plans and Specifications and that payment of the Cost of the Project or provision therefor has been made except for any Cost of the Project not then due and payable or

the liability for payment of which is being contested or disputed by the Corporation. Notwithstanding the foregoing, each such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

SECTION 3.06. Completion of Project if Construction Fund Moneys Inadequate; Surplus in Construction Fund. If the moneys in the Construction Fund available for payment of the Cost of the Project (including moneys from the proceeds of any Additional Bonds sold pursuant to the terms and provisions of the Ordinance to finance completion of the Project) should not be sufficient to pay the Cost of the Project in full, the Corporation will complete or cause to be completed the Project and pay or cause to be paid all of that portion of the Cost of the Project in excess of the moneys available therefor in the Construction Fund. The Port does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund will be sufficient to pay the Cost of the Project. If the Corporation shall pay any portion of the Cost of the Project pursuant to the provisions of this Section 3.06, it shall not be entitled to any reimbursement therefor (except to the extent of reimbursement from the proceeds of any Additional Bonds sold to finance completion of the Project) from the Port, the Trustee or the holders of any of the Bonds, nor shall it be entitled to any diminution in or postponement of the purchase price payments required in Section 4.02 hereof to be paid by the Corporation.

If, upon the completion of the Project, there shall be any surplus funds remaining in the Construction Fund not required to provide for the payment of the Cost of the Project, such funds upon written instructions of the Corporation such moneys shall be applied for any of the following purposes, without priority: (i) the purchase of Bonds, (ii) the redemption of Bonds by depositing such moneys in the Bond Fund, (iii) to pay debt service on the Bonds by depositing such moneys in the Bond Fund, or (iv) to acquire additional industrial development facilities. If written instructions of the Corporation are given to the Trustee to apply such funds for either purposes (iii) or (iv) the Trustee shall also be furnished with either an unqualified Opinion of Counsel experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions designated by the Port or a ruling of the Internal Revenue Service that the expenditure of such moneys will not impair the exemption of interest on outstanding Bonds from Federal income taxation and, if option (iv) should be chosen, an Opinion of Counsel that the construction, acquisition and installation of such industrial development facilities constitute proper purposes of the Port under the Act.

SECTION 3.07. Corporation to Pursue Remedies Against Contractors in Event of Breach of Contract. In the event of default of any contractor or subcontractor under any contract made by

it in connection with the Project or in the event of a breach of warranty with respect to any materials, workmanship or performance guaranty, the Corporation may proceed, either separately or in conjunction with others, to pursue such remedies against the contractor or subcontractor so in default and against each surety for the performance of such contract as it may deem advisable. The Corporation will advise the Port of the steps it intends to take in connection with any such default. If the Corporation shall so notify the Port, the Corporation may, in its own name or in the name of the Port, prosecute any action or proceeding or take any other action involving any such contractor, subcontractor or surety which the Corporation deems reasonably necessary, and in such event the Port will cooperate fully with the Corporation. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to the Completion Date shall be paid into the Construction Fund or, if recovered after the Completion Date and full disposition of the Construction Fund, shall be retained by or paid to the Corporation.

SECTION 3.08. Investment of Moneys in Funds Created Under Ordinance. Any moneys held as a part of the Construction Fund or any other fund created pursuant to the Ordinance shall, at the written request of the Corporation (or, if the Corporation is in default under this Agreement, at the written request of the Port), be invested or reinvested by the Trustee as provided in Article VII of the Ordinance; provided, however, that the Corporation shall not direct any investment of such moneys which would cause the Bonds to be "arbitrage bonds," within the meaning of Section 103(c) of the Internal Revenue Code and applicable regulations thereunder, as amended from time to time, so long as the Bonds are outstanding.

ARTICLE IV

SALE AND PURCHASE OF PROJECT; PAYMENT OF PURCHASE PRICE; SECURITY INTEREST; OPERATION AND MAINTENANCE; INSURANCE; CONDEMNATION; AND TAXES.

SECTION 4.01. Agreement to Sell and Purchase Project. The Port hereby sells and conveys to the Corporation and the Corporation hereby purchases and acquires from the Port, upon the terms and conditions of this Agreement and subject to Permitted Encumbrances, all of the Port's right, title and interest to the Project.

As each portion of the Project is completed and ready to be placed in service, as evidenced by a certificate to that effect delivered by an Authorized Company Representative to the Trustee pursuant to Section 3.05 hereof, title to such portion will vest in the Corporation, subject to Permitted Encumbrances and those liens

and encumbrances existing prior to acquisition of such portion by the Port or created by the Corporation or to the creation or suffering of which the Corporation consented.

Simultaneously with the original execution and delivery of this Agreement, the Port has delivered to the Trustee a deed and a bill of sale for the Project from the Port to the Corporation, conveying all the Port's right, title and interest in and to the Project not theretofore conveyed by the Port to the Corporation, subject to Permitted Encumbrances, and irrevocably instructs the Trustee to deliver such deed and bill of sale to the Corporation, and to date such deed and bill of sale the date of delivery thereof, upon receipt by the Trustee and the Port of a certificate of an Authorized Company Representative stating any of the following has occurred: (1) the Completion Date, (2) that final payment has been made by the Corporation of the full amount of the payments required to be paid by the Corporation under Section 4.02 hereof, or (3) that the payment of the entire unpaid purchase price of the Project has been accelerated pursuant to the provisions of Section 8.01 or 8.02 hereof and that such purchase price has been paid in full as required by this Agreement.

The Port will take such action and execute such documents as may be deemed necessary or desirable by the Corporation to evidence and confirm any such transfer of title and any other transfer of title pursuant to this Agreement. The Corporation will pay all expenses and taxes (if any) applicable to or arising from any transfer of title as herein provided.

SECTION 4.02. Purchase Price Installments; Prepayments. The Corporation agrees to pay to the Port as the purchase price for the Project a sum equal to the aggregate principal amount of the Bonds issued under the Ordinance for the Project, together with any premium due thereon, and with interest on the unpaid balances thereof at the rates payable by the Port on such Bonds, in the amounts and on the dates (each of which is herein called an "Installment Payment Date") as follows:

(a) On the business day next preceding each interest payment date with respect to any Series of Bonds, the sum which, together with other moneys available therefor in the Bond Fund (including moneys transferred to such Fund for interest on the Bonds), will equal the interest to be paid on such Series of Bonds on such interest payment date; and

(b) On the business day next preceding each Principal Installment Date, the sum which, together with other moneys available therefor in the Bond Fund, will equal the sum of (i) the principal of Bonds of any Series which will mature on such Principal

Installment Date, (ii) the amount, if any, required to be deposited in the Bond Fund to meet the Sinking Fund Requirement on such Principal Installment Date and (iii) any applicable redemption premium.

In addition to the options and obligations of the Corporation under Article VIII hereof to accelerate payment of the entire unpaid balance of the purchase price of the Project, the Corporation shall have the option to make from time to time prepayments in part of any installment due as aforesaid on account of such purchase price, together with interest accrued and to accrue and premium, if any, to be paid on the Bonds if such prepayment is to be used for the redemption of such Bonds. The Trustee shall apply such prepayments in such manner consistent with the provisions of the Ordinance as may be directed by the Corporation.

In the event that (i) any such partial prepayment shall be applied by the Trustee pursuant to the Ordinance to the purchase or redemption of Bonds or (ii) Bonds are presented and surrendered by the Corporation or the Port to the Trustee for cancellation pursuant to the Ordinance, the Corporation shall be entitled to a credit for the principal amount of such Bonds so purchased, redeemed or cancelled against the amount or amounts due under the provisions of subsection (b)(ii) of this Section 4.02 to the extent such principal amount of Bonds is similarly credited pursuant to the Ordinance against the Sinking Fund Requirement required to be made to the Bond Fund.

In the event the Corporation shall fail to make any of the payments required in this Section 4.02 the payment so in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid, and the Corporation will pay the same with interest thereon until paid at the rate per annum which is one percentage point greater than the highest rate per annum borne by any Bonds issued under the Ordinance.

SECTION 4.03. Assignment to Trustee; Obligation to Make Payments Absolute. It is understood and agreed by the Port and the Corporation that the Port has granted, conveyed and sold the Mortgage to the Trustee pursuant to the Ordinance. It is further understood and agreed that all payments by the Corporation under this Agreement (except attorney fees and other expenses paid pursuant to Section 7.04 hereof, indemnification payments pursuant to Section 4.07 hereof and payment described in clause (i) of the definition of Administration Expenses) are to be assigned by the Port to the Trustee. The Corporation assents to such assignment and agrees that, as to the Trustee, its obligation to make such payments shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by the Port of any obligation to the Corporation, whether hereunder or otherwise, or out of any

indebtedness or liability at any time owing to the Corporation by the Port or the Trustee. The Port directs the Corporation, and the Corporation agrees, to pay to the Trustee at its principal corporate trust office all payments payable by the Corporation pursuant to this Agreement (except attorney fees and other expenses paid pursuant to Section 7.04 hereof, indemnification payments pursuant to Section 4.07 hereof and payment described in clause (i) of the definition of Administration Expenses).

So long as any Bonds are outstanding, the Corporation will pay to the Trustee on each Installment Payment Date the Administration Expenses other than those described in clause (i) of the definition of Administration Expenses not theretofore provided for which have then accrued and become payable. So long as any Bonds are outstanding, the Corporation will pay to the Port on May 1, 1979 and on each May 1 thereafter the annual administrative management fee described in clause (i) of the definition of Administration Expenses.

The Corporation further agrees to pay for the expense of printing the Bonds, both coupon and registered, provided such expense is not paid from the Construction Fund pursuant to Section 3.03 hereof.

SECTION 4.04. Port Retains Security Interest in Project. The Port retains and the Corporation grants to the Port, but subject to Permitted Encumbrances, to the extent the same can not be mortgaged pursuant to the Ordinance, a purchase money security interest in the Project and all renewals and replacements which may hereafter become part of the Project, to secure the payment of all sums payable by the Corporation to the Port pursuant to the provisions of Section 4.02 hereof or any other provision hereof and the performance by the Corporation of all its obligations hereunder. In order to perfect the security interest hereby granted, the Corporation and the Port are executing concurrently with the execution of this Agreement appropriate Financing Statements and will, when required by applicable law, execute and cause to be filed appropriate additional Financing Statements; and in order to permit the proper filing of said Financing Statements, the Corporation represents and warrants that the Project has been and is to be constructed and installed at the locations indicated in Exhibit B hereto and agrees that it will not permit any part of the Project to be removed from such locations without prior written notice to the Port and the Trustee, in which event it will cooperate with the Port in the execution and filing of such additional Financing Statements as may be required to continue the perfection of the security interest hereby granted therein. As long as the Ordinance remains in effect, the Corporation will deliver to the Trustee the Opinion of Counsel described in Section 9.11 of the Ordinance.

SECTION 4.05. Mandatory Acceleration of Payment Without Premium Upon Happending of Certain Events. 1. The Corporation shall be obligated, and agrees, to accelerate payment of the entire amount payable under Section 4.02 of this Agreement with respect to the 1979 Series Bonds upon:

> (a) the issuance of a published or private ruling of the Internal Revenue Service in which the Corporation has participated to the degree it deems sufficient and which ruling the Corporation, in its discretion, does not contest by an appropriate proceeding directly or through a Bondholder, or
>
> (b) a final determination by any court of competent jurisdiction in the United States in a proceeding to which the Corporation is a party, or
>
> (c) enactment of any amendment to the Internal Revenue Code of 1954, as amended, or the promulgation of or amendment to Treasury Department Regulations, or any other change in present law,

to the effect that the interest payable on the 1979 Series Bonds is includable in the gross income for Federal income tax purposes of the holders thereof (other than a "substantial user" of the Project or a "related person" as provided in Section 103(b)(8) of the Internal Revenue Code of 1954, as amended), provided, however, that the Corporation may, at its option, not be obligated to redeem the 1979 Series Bonds as provided herein if interest payable on the 1979 Series Bonds is includable for Federal income tax purposes in the gross income of the holders thereof (other than a "substantial user" of the Project or a "related person") due to the occurrance of an event in (c) above and the Corporation upon written notification to the holders of the 1979 Series within thirty days of receipt of notice from the Trustee of its mandatory redemption obligation hereunder, agrees (a) to pay interest on the outstanding principal amount of the 1979 Series Bonds in an amount equal to 11.34% from the date on which interest on the 1979 Series Bonds was included in such holders' gross income to the maturity date (as defined below) of the 1979 Series Bonds, minus the amount of interest actually paid on the 1979 Series Bonds from the date of the inclusion of interest in the gross income of the holder and (b) that the maturity date of the 1979 Series Bonds shall be changed to April 15, 1989 and all outstanding principal on the 1979 Series Bonds plus unpaid interest accrued to such maturity date shall be payable on such maturity date. In the event of redemption of the 1979 Series Bonds pursuant to this Section 4.05(1), the Corporation shall be obligated to pay a sum sufficient, together with any other funds held by the Trustee and available for such purpose, (i) to redeem, on the date specified pursuant to the Ordinance all outstanding 1979 Series Bonds at a redemption price equal to the principal amount of such 1979 Series Bonds,

(ii) to pay the interest which will accrue on such 1979 Series Bonds to the date so fixed for their redemption, and (iii) to pay all expenses of the Port accrued and to accrue through the date fixed for such redemption.

Notwithstanding anything contained in this Section to the contrary in the event that a redemption of a portion of the 1979 Series Bonds outstanding would have the result that interest payable on any 1979 Series Bonds remaining outstanding after such redemption would not be includable in the gross income of any holder of any 1979 Series Bonds (other than a holder who is a "substantial user" of the Project or a "related person" within the meaning of Section 103(b)(7) of the Internal Revenue Code of 1954, as amended, and the applicable regulations thereunder) then the Corporation, subject to the Corporation's election of the option provided in this Section 4.05(1), shall be obligated to pay a sum sufficient together with any other funds held by the Trustee and available for such purpose, (i) to redeem on the date specified pursuant to the Ordinance such portion of the 1979 Series Bonds as would accomplish such result at a redemption price equal to the principal amount of such 1979 Series Bonds, (ii) to pay the interest which will accrue on such 1979 Series Bonds to the date so fixed for their redemption, and (iii) to pay all expenses of the Port accrued and to accrue through the date fixed for such redemption. The Corporation agrees to make the payments required by this Section on or prior to the redemption date set for the 1979 Series Bonds pursuant to Section 8.05 of the Ordinance.

The Corporation agrees that, immediately after receipt by it of notice of either a ruling or court decision or change in law to the effect mentioned above, it will inform in writing the Trustee and the Port that it has received such notice.

2. The Corporation shall also be obligated, and agrees, to accelerate payment of the entire amount payable under Section 4.02 of this Agreement with respect to the 1979 Series Bonds upon receipt of written notice from a majority of the holders of the 1979 Series Bonds then Outstanding to the effect that they have elected on behalf of all of said Bondholders to require the redemption of the 1979 Series Bonds based upon both of the conditions in either of subparagraphs (a) or (b) below existing or the condition in subparagraph (c) below existing.

(a) Wacker Chemie GmbH ("Chemie"), a German corporation, shall own directly or indirectly less than 100% but more than 75% of the voting stock of the Corporation and the Corporation shall have a net worth, as determined in accordance with generally accepted accounting principles ("Net Worth") of less than $6,000,000; or

(b) Chemie shall own directly or indirectly less than 75% but more than 51% of the voting stock of the Corporation and the Corporation shall have a Net Worth of less than $10,000,000; or

(c) Chemie shall own directly or indirectly less than 51% of the voting stock of the Corporation.

In any case, the Corporation shall be obligated to pay a sum sufficient together with any other funds held by the Trustee and available for such purpose, (i) to redeem, on the date specified pursuant to the Ordinance all Outstanding 1979 Series Bonds at a redemption price equal to the principal amount of such 1979 Series Bonds, (ii) to pay the interest which will accrue on such 1979 Series Bonds to the date so fixed for their redemption, and (iii) to pay all expenses of the Port accrued and to accrue through the date fixed for such redemption.

The Corporation agrees that, immediately after receipt by it of such notice to the effect mentioned above, it will inform in writing the Trustee and the Port that it has received such notice.

3. If a mandatory acceleration of payments pursuant to this Section results in the payment or provision for payment of all 1979 Series Bonds the Port shall deliver the documents set forth in Section 8.03 hereof to the Corporation to the extent required by said Section 8.03.

SECTION 4.06. Maintenance of Project; Remodeling. The Corporation will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals, which shall thereupon become part of the Project; provided, however, that the Corporation will have no obligation to maintain, repair, replace or renew any element or unit of the Project (a) the maintenance, repair, replacement or renewal of which becomes uneconomic to the Corporation because of damage or destruction by a cause not within the control of the Corporation, or obsolescence (including economic obsolescence), or change in government standards and regulations, or the termination by the Corporation of the operation of the production facilities to which the element or unit of the Project is an adjunct, and (b) with respect to which the Corporation has furnished to the Trustee a certificate of an Authorized Company Representative that the maintenance, repair, replacement or renewal of such element or unit of the Project is being discontinued for one of the foregoing reasons, which shall be stated therein.

Subsequent to the Completion Date, the Corporation shall have the privilege of remodeling the Project or making substitutions, modifications and improvements to the Project from time to time as it, in its discretion, may deem to be desirable for its uses and purposes, the Cost of which remodeling, substitutions, modifications and improvements shall be paid by the Corporation, and the same shall be the property of the Corporation, subject to the provisions of Section 4.14 hereof, and be included under the terms of this Agreement as part of the Project.

SECTION 4.07. Insurance and Indemnification. Commencing with the start of construction, the Corporation shall keep the Project continously insured against such risks as are customarily insured against by businesses of like size and type, paying as the same become due and payable all premiums with respect thereto; provided, however, that the Corporation may self-insure against any of the foregoing risks to the extent and in the manner that it may legally do so and it is the general practice of businesses of like size and type to self-insure against such risks. In lieu of the separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies of the Corporation. Insurance policies may be written with deductible amounts and exceptions and exclusions comparable to those of businesses of like size and type.

If the Corporation at any time shall carry property damage or public liability insurance with specific reference to the Project or the operation thereof, the Port and the Trustee and any of its agents shall be made additional insureds under such policy or policies or included therein as their interests may appear.

All proceeds of insurance against property damage shall be made payable to the Corporation alone and the Corporation shall collect and retain such proceeds, except as provided in Section 4.08 hereof, and all claims under any insurance policy referred to in this Agreement may be settled by the Corporation without the consent of the Port or the Trustee or its agents irrespective of whether they are named as insureds thereunder.

The Port makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Corporation's purposes or needs. The Corporation releases the Port and the Trustee and their Commissioners, agents, servants, officers and employees now and forever, from and covenants and agrees that the Port and the Trustee and their Commissioners, agents, servants, officers and employees now and forever, shall not be liable for, and agrees to indemnify and hold the Port and the Trustee and their Commissioners, agents, servants, officers and employees now and forever, harmless against any loss or damage to property or any injury to or death of any person occurring at or resulting from any cause whatsoever pertaining to the Project or the use thereof.

The Port and its Commissioners, agents, servants, officers and employees shall not be liable for any damage or injury to the persons or property of the Corporation or its officers, agents, servants or employees, or any other person who may be about the Project, due to any act or negligence of any person, including the Port and its Commissioners, agents, servants, officers and employees, and the Corporation hereby indemnifies and holds harmless the Port and its Commissioners, agents, servants, officers and employees against any loss, claims, damages, expenses or liabilities to which the Port and its Commissioners, agents, servants, officers and employees may become subject due to any such damage or injury.

It is understood and agreed to by the Corporation that any obligation incurred by the Port as contemplated by this Agreement in connection with the Project or the construction thereof, or sale thereof, or issuance, sale and delivery of the Bonds and not paid or satisfied out of Revenues, as defined in the Ordinance, or out of Bond proceeds, shall be paid by the Corporation.

The Port shall reimburse the Corporation for payments made by the Corporation to the extent of any proceeds, net of all expenses of collection, actually receved by the Port from any insurance with respect to any loss sustained. The Port shall have the duty to claim any such insurance proceeds and the Port shall assign its rights to such proceeds, to the extent of such required reimbursement, to the Corporation; provided that in the case of proceeds from public liability insurance, such moneys shall be held in escrow by the Corporation until such time as the judgment or settlement of the action upon which the insurance proceeds were paid has been satisfied by the Corporation (the Corporation may use such moneys to satisfy such settlement or judgement). In case any action shall be brought against the Port or to the knowledge of the Port threatened against the Port in respect of which indemnity may be sought against the Corporation, the Port shall promptly notify the Corporation in writing (failure of the Port to give such notice to the Corporation shall in no way affect or act as a waiver by the Port of the indemnity provisions of this Section 4.07) and the Corporation shall have the right to assume the investigation and defense thereof including the employment of counsel and the payment of all expenses. The Port shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by the Port unless the employment of such counsel has been authorized by the Corporation. The Corporation shall not be liable for any settlement of any such action without its consent but, if any such action is settled with the consent of the Corporation or if there be final judgment for the plaintiff of any such action, the Corporation agrees to indemnify and hold harmless the Port from and against any loss by reason of such settlement or judgment.

SECTION 4.08. Damage to Project. Immediately after the occurrence of any damage or loss to the Project, the Corporation shall notify the Port and the Trustee as to the nature and extent of such damage or loss and, as soon as practicable thereafter, notify the Port and the Trustee whether it is practicable and desirable to rebuild, repair or restore such damage or loss. If the Corporation shall determine that such rebuilding, repairing or restoring is practicable and desirable, the Corporation shall forthwith proceed with such rebuilding, repairing or restoring and shall notify the Port and the Trustee upon the completion thereof, which rebuilding, repair or restoration shall thereupon become part of the Project. In such case, any insurance proceeds received in respect of such damage or loss shall be made available to and used by the Corporation for payment of, or reimbursement for, the costs of such rebuilding, repairing or restoring. Any insurance proceeds received in respect of such damage or loss not expended in rebuilding, repairing or restoring the Project shall be paid to the Trustee for deposit in the Bond Fund. The Corporation shall be entitled to the net proceeds of any insurance proceeds or portion theroef paid for damage to any property not constituting a part of the Project.

SECTION 4.09. Condemnation of Project. In the event that title to or the temporary use of the Project, or any part thereof, shall be taken in condemnation or by the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, there shall be no abatement or reduction in the payments required under Section 4.02 hereof to be made by the Corporation and any proceeds received from any award or awards in respect of the Project or any part thereof made in such condemnation or eminent domain proceedings, after payment of all expenses incurred in the collection thereof, shall be paid to the Trustee for deposit in the Bond Fund.

The Port shall cooperate fully with the Corporation in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project or any part thereof. In no event will the Port voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Corporation.

SECTION 4.10. Condemnation other than Project. Any provisions of this Agreement to the contrary notwithstanding, the Corporation shall be entitled to that portion of the proceeds of any condemnation award made for damages to or taking of its own property (including that of any of its affiliates) other than the Project.

SECTION 4.11. Payment of Taxes, Liens and Assessments. The Corporation will: (a) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges,

levied or assessed by the Federal, state or any municipal government upon the Port with respect to or upon the Project or any part thereof or upon any payments hereunder when the same shall become due; (b) duly observe and comply with all valid requirements of any governmental authority relative to the Project; (c) not create or suffer to be created any lien or charge upon the Project or any part thereof or upon the payments in respect thereof pursuant to this Agreement, except Permitted Encumbrances; and (d) pay or cause to be discharged or make adequate provision to satisfy and discharge, within sixty (60) days after the same shall come into force, any lien or charge upon the Project or any part thereof or any payments hereunder and all lawful claims or demands for labor, materials, supplies or other charges which, if unpaid, might be or become a lien upon the Project or any part thereof or any payments hereunder, except Permitted Encumbrances.

The Corporation may, at its expense and in its own name or in the name of the Port, in good faith (i) claim or defend any tax exemption for the Project to which it believes it, as purchaser of the Project, is entitled to claim or defend or (ii) contest any such taxes, assessments, liens and other charges and, in the event of any such contest, may permit the taxes, assessments, liens or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Port or Trustee shall notify the Corporation that, in the Opinion of Counsel by an attorney or firm of attorneys of favorable reputation in the field of municipal bond law, by nonpayment of any such items the security afforded pursuant to the terms of the Ordinance will be materially endangered, in which event such taxes, assessments or charges shall be paid forthwith. The Port will cooperate fully with the Corporation in any such claim, defense or contest.

SECTION 4.12. Additional Payments by Corporation. The Corporation will pay, or cause to be paid, in addition to the payments provided for in Sections 4.02 and 4.03 hereof, all of the expenses of operation of the Project, including, without limitation, the cost of all necessary and proper repairs, replacements and renewals made pursuant to Section 4.06 hereof; the cost of insurance, if any, carried pursuant to Section 4.07 hereof; and any and all taxes and assessments payable pursuant to Section 4.11 hereof.

SECTION 4.13. No Abatement of Payments. It is understood and agreed that the payments under Section 4.02 and other charges payable hereunder shall continue to be payable at the time and in the amounts herein specified, whether or not the Project, or any portion thereof, shall have been destroyed, wholly or partially, by fire or other casualty, and that there shall be no abatement of any such payments and other charges by reason thereof.

SECTION 4.14. Installation of Additional Property by Corporation. The Corporation may from time to time, in its sole

discretion and at its own expense, install machinery, equipment and other personal property in the Project and which may be attached or affixed to the Project. All such machinery, equipment and other personal property shall remain the sole property of the Corporation and the Corporation may remove the same from the Project at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Corporation at the expense of the Corporation. The Corporation may create any mortgage, encumbrances, lien or charge on any such machinery, equipment and other personal property. Neither the Port nor the Trustee shall have any interest in any such machinery, equipment or personal property so installed pursuant to this Section.

SECTION 4.15. Additional Bonds. The Corporation agrees that in the event the Port shall, at the request of the Corporation, issue Additional Bonds under the Ordinance for the purpose of (a) completing the acquisition, construction and installation of the Project, (b) enlarging, improving or expanding such Project, (c) providing additional industrial development facilities at the Plant, or (d) refunding of Outstanding Bonds in accordance with the Ordinance the Corporation will, if necessary, enter into an amendment to this Agreement with the Port which will contain such provisions as shall be required in respect of the issuance of such Additional Bonds.

ARTICLE V

SPECIAL COVENANTS.

SECTION 5.01. No Warranty as to Suitability of Project. The Port makes no warranty, either express or implied, as to the actual or designed capacity of the Project, as to the suitability of the Project for the purposes specified in this Agreement, as to the condition of the Project, or that the Project will be suitable for the Corporation's purposes or needs.

SECTION 5.02. Maintenance of Corporate Existence of Corporation; Merger, Sale or Transfer. The Corporation agrees that while the Bonds are outstanding it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Corporation may, without violating the agreement contained in this Section, consolidate with or merge into another domestic (United States) corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, (i) is authorized to do business in the State of Oregon, (ii) is a domestic corporation as aforesaid and (iii) assumes

in writing all of the obligations of the Corporation under this Agreement, provided further that the surviving, resulting or transferee corporation, as the case may be, has a consolidated net worth (after giving effect to such consolidation, merger or transfer) at least equal to or greater than that of the Corporation immediately prior to such consolidation, merger or transfer.

If a consolidation, merger or sale or other transfer is made as permitted by this Section 5.02, the provisions of this Section 5.02 shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section 5.02.

SECTION 5.03. Quiet Enjoyment of Project. The Port covenants that the Corporation, so long as it observes and performs the terms, conditions and covenants on the Corporation's part to be observed and performed under this Agreement, shall peaceably and quietly have, hold and enjoy the Project as purchaser in possession, free from molestation, hindrance, eviction or disturbance by the Port or by any other person or persons lawfully claiming the same by, through or under the Port, and the Port shall not create or suffer to be created any lien, charge or encumbrance on the Project or any part thereof other than those consented to by, or arising from the action or inaction of, the Corporation.

SECTION 5.04. Cooperation for Permits and Licenses. In the event it may be necessary for the proper performance of this Agreement, or any rights hereunder, on the part of the Port or the Corporation that any application or applications for any permit or license or authorization to do or to perform certain things be made to any governmental or other agency by the Corporation or the Port, or both, the Corporation and the Port each agree to execute upon the request of the other such application or applications.

SECTION 5.05. Preservation by Port of Rights, Powers and Tax Status. The Port will use its best efforts to maintain, preserve and renew all the rights, powers, privileges and franchises relating to the Project owned by it; and will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Project. The Port further covenants that it will not take or fail to take any action that would result in the loss of any tax exemption which it presently enjoys or to which it may subsequently become entitled, the loss of which would adversely affect the Corporation's interest in the Project or under this Agreement.

SECTION 5.06. Corporation's Right to Remedy Defaults of Port. The Corporation is hereby granted the right, in the event of a default by the Port under this Agreement or the Ordinance of any of its covenants and obligations, to take such actions as it may deem necessary to remedy such default.

SECTION 5.07. Covenant as to Further Assurances. The Port covenants that, insofar as it is within its legal power to do so, it will from time to time execute and deliver such further instructions and take such further action as may be reasonable and as may be required to carry out the purpose of this Agreement; provided, however, that no such instruments or actions shall pledge the credit or taxing power of the State of Oregon or any political subdivision of said State.

SECTION 5.08. Tax-Exempt Status of the Bonds. The Corporation and the Port covenant and agree that they, and each of them, will not take or authorize or permit any action to be taken and have not taken or authorized or permitted any action to be taken which results in the interest paid on the Bonds being included in gross income for purposes of Federal income taxation.

SECTION 5.09. Bonds Redeemable at Option of Corporation. If the Corporation is not in default in its payments pursuant to Section 4.02 hereof, the Port agrees that, at the request at any time of the Corporation and if the Bonds are then callable, it will forthwith take all steps that may be necessary under the applicable redemption provisions of the Ordinance to effect redemption of all or part of the then outstanding Bonds, as may be specified by the Corporation on the redemption date designated by the Corporation and in which such redemption may be made under such applicable provisions.

SECTION 5.10. Notice to Guarantor. All notices, certificates, demands, reports, consents, approvals, and other documents required to be furnished to the Corporation under and pursuant to any provision of this Agreement including any notice of an Event of Default shall be furnished in like manner to Wacker, as Guarantor under the Guarantee; provided, however, that this Agreement and the duties, obligations and liabilities of the Corporation hereunder and the Guarantee and the duties, obligations and liabilities of Wacker thereunder shall in no way be affected or impaired by the failure of the Port or the Trustee to furnish such notice and other document or documents to Wacker. The performance by Wacker under the Guarantee of any covenant, agreement, condition or provision contained in this Agreement shall be deemed to be the performance by the Corporation of such covenant, agreement, condition or provision.

ARTICLE VI

ASSIGNMENT, LEASE AND SALE.

SECTION 6.01. Assignment, Lease or Sale of Project by Corporation. The Corporation will not sell, lease or otherwise dispose of or encumber the Project, except for Permitted Encumbrances and except as provided in Section 5.02 hereof and in this Section 6.01. The Corporation may from time to time sell or permit the sale of any machinery, fixtures, apparatus, tools, instruments or other movable property or any materials constituting part of, or used in connection with, the Project, if the Corporation certifies, in writing, to the Port and the Trustee that such articles are no longer needed or are no longer useful in its operation of the Project and the proceeds thereof are applied to the replacement of or substitution for the properties so sold or disposed of, or are paid to the Trustee for deposit in the Bond Fund. In addition, this Agreement may be assigned in whole or in part, and the Project may be sold or leased as a whole or in part, and any proceeds therefrom retained, by the Corporation, subject, however, to the Port's Consent and, to the following conditions:

(a) No sale, assignment or leasing (other than pursuant to Section 5.02 hereof), shall relieve the Corporation from primary liability for any of its obligations hereunder, and in the event of any such sale, assignment or leasing the Corporation shall continue to remain primarily liable for the payments specified in Section 4.02 hereof and for performance and observance of the other agreements on its part herein provided;

(b) Any sale, assignment or lease shall be made subject to the security interest created under this Agreement and the Mortgage created pursuant to the Ordinance;

(c) The assignee, vendee or lessee shall assume the obligations of the Corporation hereunder to the extent of the interest assigned, sold or leased; and

(d) The Corporation shall, within fifteen (15) days after the delivery thereof, furnish or cause to be furnished to the Port and the Trustee a true and complete copy of each such sale agreement, assignment and lease, as the case may be.

SECTION 6.02. Assignment to Trustee. The Port may assign its rights under and interest in this Agreement (except indemnification payments paid pursuant to Section 4.07 hereof and attorney fees and other expenses paid pursuant to Section 7.04

hereof), and may pledge and assign any purchase price payments and receipts and revenues receivable under or pursuant to this Agreement (except indemnification payments paid pursuant to Section 4.07 hereof and attorney fees and other expenses paid pursuant to Section 7.04 hereof), any moneys receivable by the Port due to other payments or sale of assets which are part of the Project, and income earned by the investment of funds held under the Ordinance for the Cost of the Project and otherwise, as provided herein and in the Ordinance, to the Trustee pursuant to the Ordinance as security for payment of the principal of, premium, if any, and interest on the Bonds, but such assignment or pledge shall be subject to this Agreement. Except as provided in this Section 6.02, the Port will not sell, assign, transfer, convey or otherwise dispose of its interest in the Project or any portion thereof or in the revenues therefrom during the term of this Agreement, nor will it create or suffer to be created any lien, charge or encumbrance thereon other than those consented to by, or arising from the action or inaction of, the Corporation. It is understood and agreed by the Port and the Corporation that the Port has granted, conveyed and sold the Mortgage to the Trustee pursuant to the Ordinance.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES.

SECTION 7.01. Enumeration of "Events of Default". The following shall be "events of default" under this Agreement, and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Corporation to pay when due any payment of the purchase price or any portion of the interest on such purchase price required to be paid under Section 4.02 hereof;

(b) Failure by the Corporation to pay when due any payment required to be made under this Agreement other than payments of the purchase price and interest thereon under Section 4.02 hereof, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Corporation by the Port by registered mail;

(c) Failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsections (a) and (b) of this Section 7.01, which failure shall continue for a period of sixty (60) days after written notice,

specifying such failure and requesting that it be remedied, is given to the Corporation by the Port by registered mail;

(d) The entering of an order or decree appointing a receiver of the Project or any part thereof or of the revenues thereof with consent or acquiescence of the Corporation or the entering of such order or decree without the acquiescence or consent of the Corporation if it shall not be vacated, discharged or stayed within sixty (60) days after entry; or

(e) The dissolution or liquidation of the Corporation or the filing by the Corporation of a voluntary petition in bankruptcy, or failure by the Corporation promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry out its obligations under this Agreement, or adjudication of the Corporation as a bankrupt, or an assignment by the Corporation for the benefit of its creditors, or the entry by the Corporation into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Corporation in any proceeding for its reorganization or management instituted under the provisions of any bankruptcy act, or under any similar act which may hereafter be enacted, and such adjudication or approval shall not be vacated or set aside or dismissed within sixty (60) days of the date of entry thereof. The term "dissolution or liquidation of the Corporation", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Corporation resulting either from a merger or consolidation of the Corporation into or with another corporation or a dissolution or liquidation of the Corporation following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such actions contained in Section 5.02 hereof.

The foregoing provisions of this Section 7.01 are subject to the following limitations: If by reason of acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the Government of the United States or of the State of Oregon or any department, agency, political subdivision or official of either of them, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; material breakage or accident to machinery; partial or entire failure

of utilities; or any cause or event not reasonably within the control of the Corporation, the Corporation is unable in whole or in part to carry out its agreements herein contained, other than the obligations on the part of the Corporation contained in Sections 4.02 and 5.02 hereof, the Corporation shall not be deemed in default during the continuance of such inability. The Corporation agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Corporation, and the Corporation shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Corporation unfavorable to the Corporation. Any failure of the Corporation to perform its obligations under Sections 4.02 and 5.02 hereof shall constitute an event of default regardless of the reason for such failure to perform.

SECTION 7.02. Remedies. Whenever any event of default referred to in Section 7.01 hereof shall have happened and be subsisting, any one or more of the following remedial steps may be taken, provided that written notice of the default has been given to the Corporation by the Port by registered mail and the default has not theretofore been cured, and provided further that no remedial steps shall be taken by the Port the effect of which would be to entitle the Port to funds necessary for the payment of principal and interest on Bonds which have not yet matured unless such principal and interest shall have been declared due and payable in accordance with the Ordinance and such declaration shall not have been rescinded:

(a) The Port may at its option declare all unpaid installments of the purchase price, together with interest then due thereon, to be immediately due and payable, whereupon the same shall become immediately due and payable;

(b) The Port may take any action at law or in equity to collect the payments then due and thereafter to become due, or to secure possession, or to enforce the performance and observance of any obligation, agreement or covenant of the Corporation under this Agreement; and

(c) The Port may enforce the Port's security interest in the Project through the exercise of the remedies provided by the Oregon Uniform Commercial Code or the Uniform Commercial Code of any other jurisdiction the laws of which are applicable.

Any amounts collected pursuant to action taken under this Section 7.02 shall be applied in accordance with the Ordinance.

Upon reasonable written notice to the Corporation, the Port, during business hours of the Corporation, shall have access to and inspect, examine and make copies of the books and records and any and all accounts and financial data of the Corporation insofar as the same relate to the Project, subject to Section 3.01 hereof.

SECTION 7.03. No Remedy Exclusive. No remedy conferred upon or reserved to the Port by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Port to exercise any remedy reserved to it in this Article VII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 7.04. Corporation to Reimburse Reasonable Fees of Attorneys and Other Expenses. If the Corporation shall default under any of the provisions of this Agreement and the Port or the Trustee shall employ attorneys or incur other expenses for the collection of the purchase price or to secure possession, or to resell the Project or for the enforcement of performance or observance of any obligation or agreement on the part of the Corporation contained in this Agreement, the Corporation will on demand therefor pay the reasonable fees and expenses of the Port, the Trustee and their attorneys, including attorneys' fees for appeals, as they are incurred.

SECTION 7.05. Waiver of Breach. In the event any agreement contained in this Agreement shall be breached and such breach shall thereafter be waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Port's rights in and under this Agreement to the Trustee, the Port shall have no power to waive any default hereunder by the Corporation without the consent of the Trustee to such waiver. Notwithstanding the foregoing, if, after the maturity of the outstanding Bonds shall have been accelerated by the Trustee upon occurrence of an event of default under the Ordinance, all arrears of interest on the outstanding Bonds and interest on overdue installments of interest (if lawful) at a rate per annum which is one percentage point greater than the highest rate per annum borne by any of the Bonds and the principal and premium (if any) on all Bonds then outstanding which have become due and payable otherwise than by acceleration, and all other sums payable under the

Ordinance, except the principal of and the interest on such Bonds which by such acceleration shall have become due and payable, shall have been paid, all other things shall have been performed in respect of which there was a default, there shall have been paid the reasonable fees and expenses of the Trustee and the Port and of the holders of such Bonds, including reasonable attorneys' fees (including attorneys' fees for appeals) paid or incurred and such event of default shall be waived by the Trustee and the Port with the consequence under Section 10.01 of the Ordinance that such acceleration is rescinded, then the Corporation's default hereunder shall be waived without further action by the Trustee or the Port.

ARTICLE VIII

ACCELERATION OF PURCHASE PRICE OF PROJECT.

SECTION 8.01. Options to Accelerate Payment of Purchase Price of Project. The Corporation shall have, and is hereby granted, options to accelerate payment of all or a portion of the unpaid purchase price of the Project pursuant to the terms of this Agreement and the Ordinance, and under circumstances other than those described in Section 4.02 hereof, in which case the purchase price will be a sum sufficient, together with other funds held by the Trustee and available for such purpose, (i) to redeem at the earliest practicable date all Bonds of one or more Series then outstanding under the Ordinance at the redemption prices applicable on the date or dates fixed for redemption as provided in the Ordinance, (ii) to pay the principal on all such outstanding Bonds maturing prior to the date or dates fixed for redemption, (iii) to pay the interest which will become due on such Bonds to the date or dates fixed for redemption or the maturity date or dates, as the case may be, and (iv) to pay all costs and expenses relating to such Bonds and all Administration Expenses accrued and to accrue through the date or dates fixed for redemption or the maturity date or dates, as the case may be.

SECTION 8.02. Notice of Purchase. To exercise an option granted in this Article VIII, the Corporation shall give written notice to the Port and the Trustee of the date of closing of the purchase, which date shall not be less than sixty (60) nor more than one hundred eighty (180) days from the date the notice is mailed.

SECTION 8.03. Conveyance of Title. Upon any acceleration of the payment of all or part of the purchase price of the Project under this Article VIII prior to the conveyance of title to all the Project pursuant to Section 4.01 hereof, the Port, upon payment of the amount required, will deliver to the Corporation such documents as would be required under Section 4.01 to vest title to the Project in the Corporation, subject solely to the liens and encumbrances which would be permitted by Section 4.01 and those liens and encumbrances resulting from the failure of the Corporation to perform

or observe any of the agreements on its part contained in this Agreement.

ARTICLE IX

MISCELLANEOUS.

SECTION 9.01. Disposition of Funds After Payment of Bonds. Any amounts remaining in the Bond Fund and other funds established under the Ordinance after payment in full of the Bonds (including interest and premium, if any, thereon), or provision for payment thereof having been made in accordance with the provisions of the Ordinance, and payment of all other reasonable and necessary obligations and expenses incurred by the Port to pay for the Cost of the Project, including interest, premiums and other charges, if any, thereon, and payment of Administration Expenses shall belong to and be paid to the Corporation by the Trustee as overpayment of the purchase price. This Agreement shall be terminated upon discharge of the Ordinance as provided in Section 14.01 thereof.

SECTION 9.02. Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail (except as otherwise specified herein), postage prepaid, addressed as follows: if to the Port, at P.O. Box 3529, Portland, Oregon 97208, Attention: Executive Director; if to the Corporation, at Suite 1130, 200 S.W. Market Street, Portland, Oregon 97201 Attention: Treasurer; and if to the Trustee, at P.O. Box 2971, Portland, Oregon 97208, Attention: Corporate Trust Department. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Port, the Corporation or the Trustee shall also be given to the others. The Corporation, the Port and the Trustee may, by notice given under this Section 9.02, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 9.03. Agreement to Bind and Inure to Benefit of the Corporation, Port and Holders of Bonds. This Agreement shall inure to the benefit of the Port, the Corporation and the holders from time to time of the Bonds, and shall be binding upon the Port, the Corporation and their respective successors and assigns, subject to the limitation that any obligation or liability of the Port created by or arising out of this Agreement shall not be a general debt of the Port, but shall be payable solely out of the proceeds derived from this Agreement or the sale of the Bonds or income earned on invested funds as provided herein or in the Ordinance.

SECTION 9.04. Modification of Agreement. Except as otherwise provided in this Agreement or in the Ordinance, subsequent to the initial issuance of the Bonds and prior to payment or

provision for the payment of the Bonds in full (including interest and premium, if any, thereon), in accordance with the provisions of the Ordinance, and payment or provisions for the payment of other obligations incurred by the Port to pay the Cost of the Project including interest, premiums and other charges, if any, thereon, and payment or provision for payment of Administration Expenses, this Agreement may not be amended, changed, modified, altered or terminated so as adversely to affect the interests of the holders of the Bonds without the prior written consent of (a) the holders of at least sixty-six and two-thirds per cent (66 2/3%) in aggregate principal amount of the Bonds then outstanding, and (b) in case less than all of the several Series of Bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds per cent (66 2/3%) in aggregate principal amount of the Bonds of each Series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding Bonds under this Section 9.04; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of outstanding Bonds the consent of the holders of which is required for any such amendment, change, modification, alteration or termination or decrease the amount of any payment required to be made under this Agreement or extend the time of payment thereof. This Agreement may be amended, changed, modified and altered without the consent of the holders of Bonds to provide necessary changes in connection with the issuance of Additional Bonds or to provide other changes which will not adversely affect the interest of such holders. No amendment, change, modification, alteration or termination of this Agreement shall be made other than pursuant to a written instrument signed by the Port and the Corporation.

SECTION 9.05. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement.

SECTION 9.06. Severability. If any clause, provision or section of this Agreement be held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein. In case any agreement or obligation contained in this Agreement be held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Port or the Corporation, as the case may be, to the full extent permitted by law.

SECTION 9.07. Laws of Oregon to Govern. The laws of the State of Oregon shall govern the construction of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

(SEAL)

THE PORT OF PORTLAND

By _____
President

Attest:

_____
Secretary

WACKER SILTRONIC CORPORATION

(SEAL)

By _____
Vice President

Attest:

_____
Secretary

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS that THE PORT OF PORTLAND, pursuant to the Ordinance hereinafter referred to, which Ordinance has been heretofore duly enacted, does hereby sell, assign, transfer and set over to First National Bank of Oregon, a bank corporation, having its corporate trust office and place of business in Portland, Oregon, as Trustee under the Ordinance enacted by said Port on March 14, 1979, without recourse, all the right, title and interest of said Port in and to the Installment Sale Agreement dated as of April 15, 1979, other than the indemnity provisions contained in Section 4.07 of the Installment Sale Agreement, (including, without limitation, the security interest of the Port in the Project therein described) between said Port and Wacker Siltronic Corporation, a Delaware Corporation, as well as all amounts payable or which may become payable under said Installment Sale Agreement the same to be held in trust and applied by said Trustee as provided in said Ordinance; and The Port of Portland does hereby constitute and appoint First National Bank of Oregon, Trustee as aforesaid, its true and lawful attorney for it and in its name to collect and receive payment of any and all of said payments and to give good and sufficient receipts therefor, hereby ratifying and confirming all that said attorney may do in the premises. Said Trustee may, but except as otherwise provided in said Ordinance shall not be required to, institute any proceedings or take any action in its name or in the name of The Port of Portland to enforce payment or collection of any or all of such payments. First National Bank of Oregon shall have the power to assign, without recourse, all its powers, rights, title and interest under this Assignment to any successor trustee appointed pursuant to said Ordinance.

IN WITNESS WHEREOF, The Port of Portland has caused this Assignment to be duly executed in its name by the President, and its corporate seal to be hereunto affixed and attested by its Secretary, all as of this 15th day of April, 1979.

THE PORT OF PORTLAND

(SEAL)

By _____
President

Attest:

_____
Secretary

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project will be located at the Corporation's Plant, located in Portland, Oregon, and will consist of the following industrial development facilities:

The administrative-headquarter building of the Corporation, which is a building 210 feet long, 150 feet wide and covers 26,100 square feet, and which is located on the land described in Exhibit B attached hereto.

SCOEPA00001212

EXHIBIT B

DESCRIPTION OF LAND

The industrial development facilities described in Exhibit A attached hereto shall be located on the following described land:

A tract of land in Section 13, Township 1 North, Range 1 West, Willamette Meridian, in the City of Portland, County of Multnomah, State of Oregon.

Beginning at a point South 86°00'29" West 325.38 feet from the intersection of the Harbor Line and the Northerly line of the S.P. & S.R.R. right-of-way, from which Harbor Line monument No. 50 bears South 42°01'25" West 419.42 feet and South 46°01'03" East 137.16 feet; thence South 35°33'55" West 100.00 feet; thence North 54°26'05" West 90.00 feet; thence South 35°33"55" West 60.00 feet; thence North 54°26'05" West 130.00 feet; thence North 35°33'55" East 160.00 feet; thence South 54°26'05" East 220.00 feet to the point of beginning.

Containing 29,800 square feet more or less or 0.6841 acres more or less.

SCOEPA00001213

State of Oregon)
) ss
County of Multnomah)

On this _____ day of _____, 1979, before me appeared _____ and _____, who, being duly sworn, did say that he, _____, is the President and he _____, is the Assistant Secretary of the within named The Port of Portland, a municipal corporation, that the seal to the within instrument is the corporate seal of said municipal corporation, and that said instrument was signed and sealed by authority of its Board of Commissioners, and _____ and _____ acknowledged this to be the free act and deed of said municipal corporation. IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed by official seal this day and year first in this certificate written.

_____
Notary Public for Oregon
_____ Commission Expires

SCOEPA00001214

State of)
) ss
County of)

On this _____ day of _____, 1979, before me appeared _____ and _____, who, being duly sworn, did say that he, _____, is the Vice President and he _____, is the (Assistant) Secretary of the within named Wacker Siltronic Corporation, a Delaware corporation, that the seal to the within instrument is the corporate seal of said corporation, and that said instrument was signed and sealed by authority of its Board of Directors, and _____ and _____ acknowledged this to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed by official seal this day and year first in this certificate written.

_____
Notary Public for
_____ Commission Expires

1.6

1.6

BARGAIN AND SALE DEED

WACKER SILTRONIC CORPORATION, a corporation duly organized and validly existing under the laws of the state of Delaware (hereinafter referred to as "Grantor"), conveys to THE PORT OF PORTLAND, a municipal corporation of the state of Oregon (hereinafter referred to as "Grantee"), the following described real property situated in Multnomah County, Oregon,

A tract of land in Section 13, Township 1 North, Range 1 West, Willamette Meridian, in the City of Portland, County of Multnomah, State of Oregon.

Beginning at a point South 86°00'29" West 325.38 feet from the intersection of the Harbor Line and the Northerly line of the S.P.&S.R.R. right-of-way, from which Harbor Line monument No. 50 bears South 42°01'25" West 419.42 feet and South 46°01'03" East 137.16 feet; thence South 35°33'55" West 100.00 feet; thence North 54°26'05" West 90.00 feet; thence South 35°33'55" West 60.00 feet; thence North 54°26'05" West 130.00 feet; thence North 35°33'55" East 160.00 feet; thence South 54°26'05" East 220.00 feet to the point of beginning.

Containing 29,800 square feet more or less or 0.6841 acres more or less.

The true and actual consideration for this conveyance is other property or value given or promised.

IN WITNESS WHEREOF the foregoing instrument was executed on behalf of Grantor this 17th day of April, 1979.

WACKER SILTRONIC CORPORATION

By _____

Attest:

_____
Secretary

Urk.Rolle Nr. 9 6 1 /1979

SCOEPA00001217

On this 17th day of April, 1979, before me, personally appeared the within-named Dr. Werner Freiesleben to me known, who being first duly sworn, did say that he, is the President of Wacker Siltronic Corporation, the corporation hereinbefore named and that the attached instrument was signed in behalf of said corporation by authority of its board of directors; and said Dr. Werner Freiesleben acknowledged the execution of said instrument to be the free act and deed of said corporation.

(Dr. Werner) Notar

1.7

Title Insurance Company of Oregon

title insurance
escrows

MAIN OFFICE
314 S.W. FOURTH AVENUE
PORTLAND, OREGON 97204
PHONE 222-3651

EAST SIDE OFFICE
1350 S.E. 122nd Avenue
PORTLAND, OREGON 97233
PHONE 255-9103

GRESHAM OFFICE
1025 E. Powell Blvd.
GRESHAM, OREGON 97030
PHONE 667-1333

March 22, 1979
Order No. 545820
Re: Wacker Siltronic Corp/
The Port of Portland

Miller, Anderson, Nash, Yerke & Wiener
Attorney's at Law
900 S. W. 5th Avenue
Portland, Oregon 97204

Attention: Harvey C. Barragar

Gentlemen:

We are prepared to issue Owner's policy in the usual form, as of March 7, 1979 at 8:00 a.m., insuring title to:

For legal description see Exhibit "A" attached hereto;

in

WACKER SILTRONIC CORPORATION,
a Delaware corporation;

subject to the usual printed exceptions, and

1. Provisions of Urban Renewal Plan - Resolution No. 32099, recorded May 16, 1978 in Book 1263, page 921, Deed Records.

2. Agreement, Conditions, Covenants and Restrictions recorded June 2, 1978 in Book 1268, page 900, Film Records.
Amended August 10, 1978 in Book 1286, page 1 and Amendment re-recorded August 18, 1978 in Book 1288, page 1599, Film Records.

3. A certified copy of the resolution authorizing the conveyance of the Property in Question, which resolution must be passed by the Board of Directors of Wacker Siltronic, a Delaware Corporation, should be furnished for examination.

NOTE: Since there is access of record to the surrounding property, which is owned by Wacker Siltronic Corporation, some means of access to the property herein described should be furnished.

NOTE: Taxes for the year 1978-79 paid in full.
Total: $5,520.64
Account No.: 96113-0010
Code No.: 0887

TITLE INSURANCE COMPANY OF OREGON

Sandra Gooch

Sandra Gooch
Title Officer

SG:bml

SCOEPA00001220

Order No. 545820

EXHIBIT "A"

A tract of land in Section 13, Township 1 North, Range 1 West, Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon.

Beginning at a point South 86° 00' 29" West 325.38 feet from the intersection of the Harbor Line and the Northerly line of the S. P. & S. R. R. right-of-way, from which Harbor Line monument No. 50 bears South 42° 01' 25" West 419.42 feet and South 46° 01' 03" East 137.16 feet; thence South 35° 33' 55" West 100.00 feet; thence North 54° 26' 05" West 90.00 feet; thence South 35° 33' 55" West 60.00 feet; thence North 54° 26' 05" West 130.00 feet; thence North 35° 33' 55" East 160.00 feet; thence South 54° 26' 05" East 220.00 feet to the point of beginning.

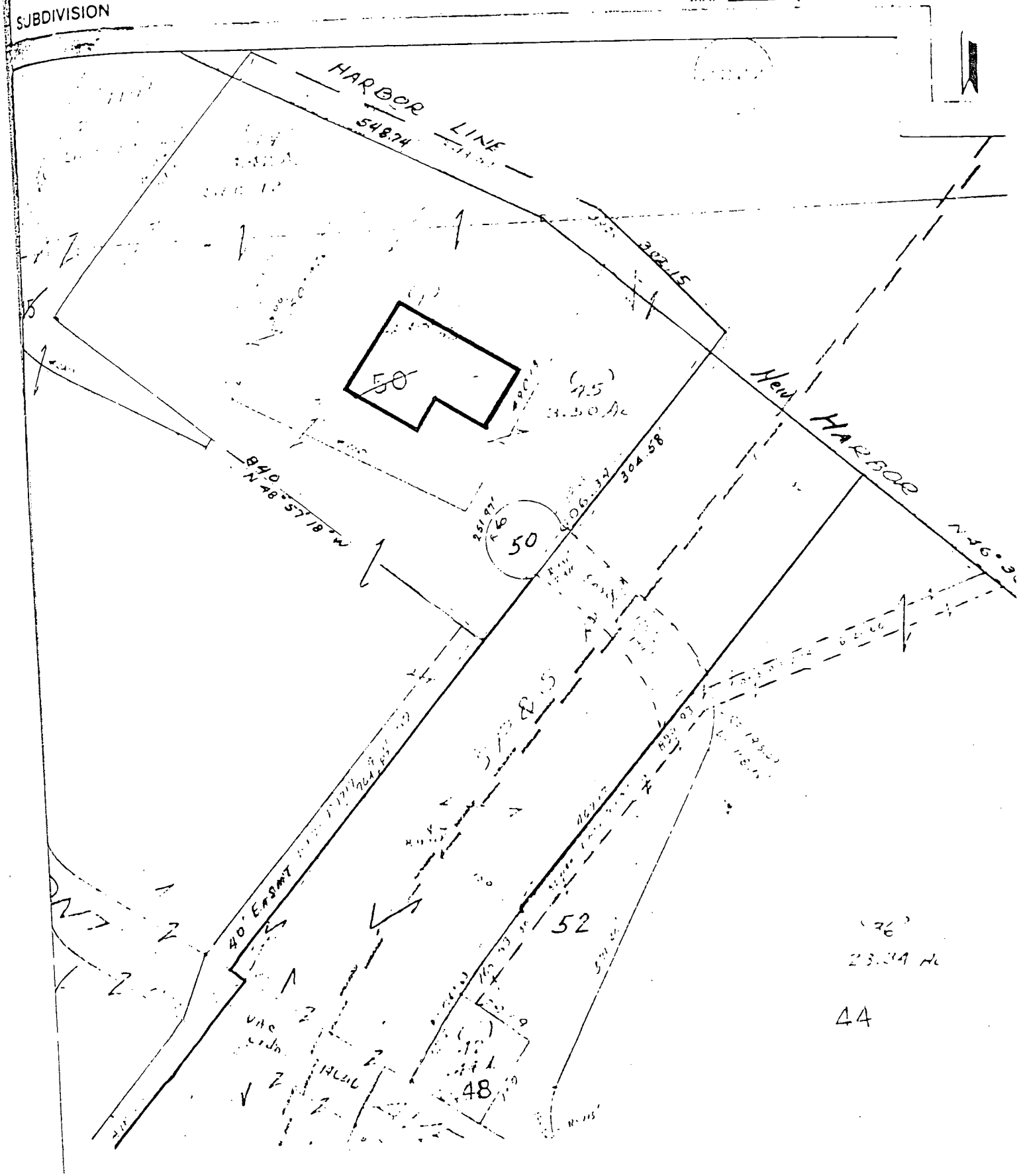
THIS MAP IS FURNISH... AS A CONVENIENCE IN LOCATING PROPERTY ...D THE COMPANY ASSUMES NO LIABILITY FOR ANY VARIATIONS AS MAY BE DISCLOSED BY ACTUA... SURVEY

Title Insurance Company of Oregon ORDER NO 545820

314 S. W. FOURTH AVENUE
PORTLAND, OREGON 97204

MAP 13 1N 1W

SUBDIVISION



SCOEPA00001222

Oregon Land Title Association
Standard Coverage Policy

Premium $ 1,820.00

POLICY OF TITLE INSURANCE

ISSUED BY

Title Insurance Company of Oregon

an Oregon corporation, hereinafter called the Company, for a valuable consideration paid for this policy of title insurance, the number, date, and amount of which are shown in Schedule A, does hereby insure the parties named as Insured in Schedule A, the heirs, devisees, personal representatives of such Insured, or if a corporation, its successors by dissolution, merger or consolidation, against direct loss or damage not exceeding the amount stated in Schedule A, together with costs, attorneys' fees and expenses which the Company may be obligated to pay as provided in the Conditions and Stipulations hereof, which the Insured shall sustain by reason of:

1. Title to the land described in Schedule A being vested, at the date hereof, otherwise than as herein stated; or
2. Unmarketability, at the date hereof, of the title to said land of any vestee named herein, unless such unmarketability exists because of defects, liens, encumbrances, or other matters shown or referred to in Schedule B; or Any defect in, or lien or encumbrance on, said title existing at the date hereof, not shown or referred to in Schedule B, or excluded from coverage in the Schedule of Exclusions from Coverage; or
3. Any defect in the execution of any mortgage or deed of trust shown in Schedule B securing an indebtedness, the owner of which is insured by this policy, but only insofar as such defect affects the lien or charge of such mortgage or deed of trust upon said land; or
4. Priority, at the date hereof, over any such mortgage or deed of trust, of any lien or encumbrance upon said land, except as shown in Schedule B such mortgage or deed of trust being shown in the order of its priority.

all subject, however, to the Schedule of Exclusions from Coverage and the Conditions and Stipulations hereto annexed, which, together with Schedules A and B are hereby made a part of this policy.

In witness whereof, TITLE INSURANCE COMPANY OF OREGON has caused its corporate name and seal to be hereunto affixed and authenticated by the facsimile signatures of its President and Secretary, provided this policy is valid only when countersigned by a duly authorized officer or agent of the corporation.

Countersigned

Authorized Officer

Title Insurance Company of Oregon

BY _____ PRESIDENT

ATTEST John C. Cope SECRETARY

SCOEPA00001223

SCHEDULE OF EXCLUSIONS FROM COVERAGE

This policy does not insure against loss or damage by reason of the following:

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions, or location of any improvement now or hereafter erected on said land, or prohibiting a separation in ownership or a reduction in the dimensions or area of any lot or parcel of land.
2. Governmental rights of police power or eminent domain unless notice of the exercise of such rights appears in the public records at the date hereof.
3. Title to any property beyond the lines of the land expressly described in Schedule A or title to streets, roads, avenues, lanes, ways or waterways on which such land abuts, or the right to maintain therein vaults, tunnels, ramps or any other structure or improvement; or any rights or easements therein unless this policy specifically provides that such property, rights or easements are insured, except that if the land abuts upon one or more physically open streets or highways this policy insures the ordinary rights of abutting owners for access to one of such streets or highways, unless otherwise excepted or excluded herein.
4. Defects, liens, encumbrances, adverse claims against the title as insured or other matters (1) created, suffered, assumed or agreed to by the Insured claiming loss or damage; or (2) known to the Insured Claimant either at the date of this policy or at the date such Insured Claimant acquired an estate or interest insured by this policy and not shown by the public records, unless disclosure thereof in writing by the Insured shall have been made to the Company prior to the date of this policy; or (3) resulting in no loss to the Insured Claimant; or (4) attaching or created subsequent to the date hereof.
5. Loss or damage which would not have been sustained if the Insured were a purchaser or encumbrancer for value without knowledge.
6. Usury or claims of usury.
7. "Consumer credit protection," "truth-in-lending," or similar law.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "land": the land described, specifically or by reference, in Schedule A and improvements affixed thereto which by law constitute real property;

(b) "public records": those records which impart constructive notice of matters relating to said land;

(c) "knowledge": actual knowledge, not constructive knowledge or notice which may be imputed to the Insured by reason of any public records;

(d) "date": the effective date;

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument; and

(f) "insured": the party or parties named as Insured, and if the owner of the indebtedness secured by a mortgage shown in Schedule B is named as an Insured in Schedule A, the Insured shall include (1) each successor in interest in ownership of such indebtedness, (2) any such owner who acquires the estate or interest referred to in this policy by foreclosure, trustee's sale, or other legal manner in satisfaction of said indebtedness, and (3) any federal agency or instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing said indebtedness, or any part thereof, whether named as an Insured herein or not, subject otherwise to the provisions hereof.

2. BENEFITS AFTER ACQUISITION OF TITLE

If an insured owner of the indebtedness secured by a mortgage described in Schedule B acquires said estate or interest, or any part thereof, by foreclosure, trustee's sale, or other legal manner in satisfaction of said indebtedness, or any part thereof, or if a federal agency or instrumentality acquires said estate or interest, or any part thereof, as a consequence of an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by a mortgage covered by this policy, or any part thereof, this policy shall continue in force in favor of such Insured, agency or instrumentality, subject to all of the conditions and stipulations hereof.

3. DEFENSE AND PROSECUTION OF ACTIONS—NOTICE OF CLAIM TO BE GIVEN BY THE INSURED

(a) The Company, at its own cost and without undue delay shall provide (1) for the defense of the Insured in all litigation consisting of actions or proceedings commenced against the Insured, or defenses, restraining orders, or injunctions interposed against a foreclosure or sale of the mortgage and indebtedness covered by this policy or a sale of the estate or interest in said land, or (2) for such action as may be appropriate to establish the title of the estate or interest or the lien of the mortgage as insured, which litigation or action in any of such events is founded upon an alleged defect, lien or encumbrance insured against by this policy, and may pursue any litigation to final determination in the court of last resort.

(b) In case any such action or proceeding shall be begun, or defense interposed, or in case knowledge shall come to the Insured of any claim of title or interest which is adverse to the title of the estate or interest or lien of the mortgage as insured, or which might cause loss or damage for which the Company shall or may be liable by virtue of this policy, or if the Insured shall in good faith contract to sell the indebtedness secured by a mortgage covered by this policy, or, if an Insured in good faith leases or contracts to sell, lease or mortgage the same, or if the successful bidder at a foreclosure sale under a mortgage covered by this policy refuses to purchase and in any such event the title to said estate or interest is rejected as unmarketable, the Insured shall notify the Company thereof in writing. If such notice shall not be given to the Company within ten days of the receipt of process or pleadings or if the Insured shall not, in writing, promptly notify the Company of any defect, lien or encumbrance insured against which shall come to the knowledge of the Insured, or if the Insured shall not in writing, promptly notify the Company of any such rejection by reason of claimed unmarketability of title, then all liability of the Company in regard to the subject matter of such action, proceeding or matter shall cease and terminate; provided, however, that failure to notify shall in no case prejudice the claim of any Insured unless the Company shall be actually prejudiced by such failure and then only to the extent of such prejudice.

(c) The Company shall have the right at its own cost to institute and prosecute any action or proceeding or do any other act which in its opinion may be necessary or desirable to establish the title of the estate or interest or the lien of the mortgage as insured; and the Company may take any appropriate action under the terms of this policy whether or not it shall be liable thereunder and shall not thereby concede liability or waive any provision of this policy.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the Insured shall secure to it the right to so prosecute or provide defense in such action or proceeding, and all appeals therein, and permit it to use, at its option, the name of the Insured for such purpose. Whenever requested by the Company the Insured shall give the Company all reasonable aid in any such action or proceeding in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending such action or proceeding, and the Company shall reimburse the Insured for any expense so incurred.

4. NOTICE OF LOSS — LIMITATION OF ACTION

In addition to the notices required under paragraph 3 (b), a statement in writing of any loss or damage for which it is claimed the Company is liable under this policy shall be furnished to the Company within sixty days after such loss or damage shall have been determined and no right of action shall accrue to the Insured under this policy until thirty days after such statement shall have been furnished, and no recovery shall be had by the Insured under this policy unless action shall be commenced thereon within five years after expiration of said thirty

SCOEPA00001224

SCHEDULE A

Amount $ 1,000,000.00 Date April 26, 1979 At 9:00 A. M.

INSURED

---PORT OF PORTLAND---

The estate or interest referred to herein is, at the date hereof, vested in

PORT OF PORTLAND, an estate in fee simple.---

The land referred to in this policy is described as

For legal description see Exhibit "A" attached hereto.---

SCOEPA00001225

Order No. 545820

EXHIBIT "A"

A tract of land in Section 13, Township 1 North, Range 1 West, Willamette Meridian, in the City of Portland, County of Multnomah and State of Oregon.

Beginning at a point South 86° 00' 29" West 325.38 feet from the intersection of the Harbor Line and the Northerly line of the S. P. & S. R. R. right-of-way, from which Harbor Line monument No. 50 bears South 42° 01' 25" West 419.42 feet and South 46° 01' 03" East 137.16 feet; thence South 35° 33' 55" West 100.00 feet; thence North 54° 26' 05" West 90.00 feet; thence South 35° 33' 55" West 60.00 feet; thence North 54° 26' 05" West 130.00 feet; thence North 35° 33' 55" East 160.00 feet; thence South 54° 26' 05" East 220.00 feet to the point of beginning.

SCHEDULE B

This policy does not insure against loss or damage, nor against costs, attorney's fees or expenses, any or all of which arise by reason of the matters shown or referred to in this Schedule except to the extent that the owner of any mortgage or deed of trust is expressly insured on page 1 of this policy.

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records; unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey would disclose.

5. Provisions of Urban Renewal Plan - Resolution No. 32099, recorded May 16, 1978 in Book 1263, page 921, Deed Records.

6. Agreement, Conditions, Covenants and Restrictions and Easements, recorded June 2, 1978 in Book 1268, page 900, Film Records.
Amended August 10, 1978 in Book 1286 page 1 and Amendment re-recorded August 18, 1978 in Book 1288, page 1599, Film Records.

7. Ordinance No. 246, including the terms and provisions thereof, including but not limited to matters regarding mortgage, bonds and issuance thereof, and the appointment of a trustee and the duties of said trustee, passed by the Board of Commissioners of the Port of Portland on March 14, 1979 recorded April 26, 1979 in Book 1347, page 939, Film Records.---

SCOEPA00001227

Rating Bureau for Title Insurance
Companies in Oregon

OWNER'S INFLATION PROTECTION INDORSEMENT

Attached to Policy No. 545820

Issued by

Title Insurance Company of Oregon

The Company, recognizing the current effect of inflation on real property valuation and intending to provide additional monetary protection to the Insured Owner named in said Policy, hereby modifies said Policy, as follows:

1. Notwithstanding anything contained in said Policy to the contrary, the amount of insurance provided by said Policy, as stated in Schedule A thereof, is subject to cumulative annual upward adjustments in the manner and to the extent hereinafter specified.

2. "Adjustment Date" is defined, for the purpose of this Indorsement, to be 12:01 a.m. on the first January 1 which occurs more than six months after the Date of Policy, as shown in Schedule A of the Policy to which this Indorsement is attached, and on each succeeding January 1.

3. An upward adjustment will be made on each of the Adjustment Dates, as defined above, by increasing the maximum amount of insurance provided by said Policy (as said amount may have been increased theretofore under the terms of this Indorsement) by the same percentage, if any, by which the United States Department of Commerce Composite Construction Cost Index (base period 1967) for the month of September immediately preceding exceeds the highest Index number for the month of September in any previous year which is subsequent to Date of Policy; provided, however, that the maximum amount of insurance in force shall never exceed 150% of the amount of insurance stated in Schedule A of said Policy, less the amount of any claim paid under said Policy which, under the terms of the Conditions and Stipulations, reduces the amount of insurance in force. There shall be no annual adjustment in the amount of insurance for years in which there is no increase in said Construction Cost Index.

4. In the settlement of any claim against the Company under said Policy, the amount of insurance in force shall be deemed to be the amount which is in force as of the date on which the insured claimant first learned of the assertion or possible assertion of such claim, or as of the date of receipt by the Company of the first notice of such claim, whichever shall first occur.

Nothing herein contained shall be construed as extending or changing the effective date of said Policy.

This indorsement is made a part of said Policy and is subject to the schedules, conditions and stipulations therein, except as modified by the provisions hereof.

Title Insurance Company of Oregon

BY _____ PRESIDENT

ATTEST John C. Cope SECRETARY

TI 77

SCOEPA00001228

THIS MAP IS FURNISHED AS A CONVENIENCE IN LOCATING PROPERTY AND THE COMPANY ASSUMES NO LIABILITY FOR ANY VARIATIONS AS MAY BE DISCLOSED BY ACTUAL SURVEY

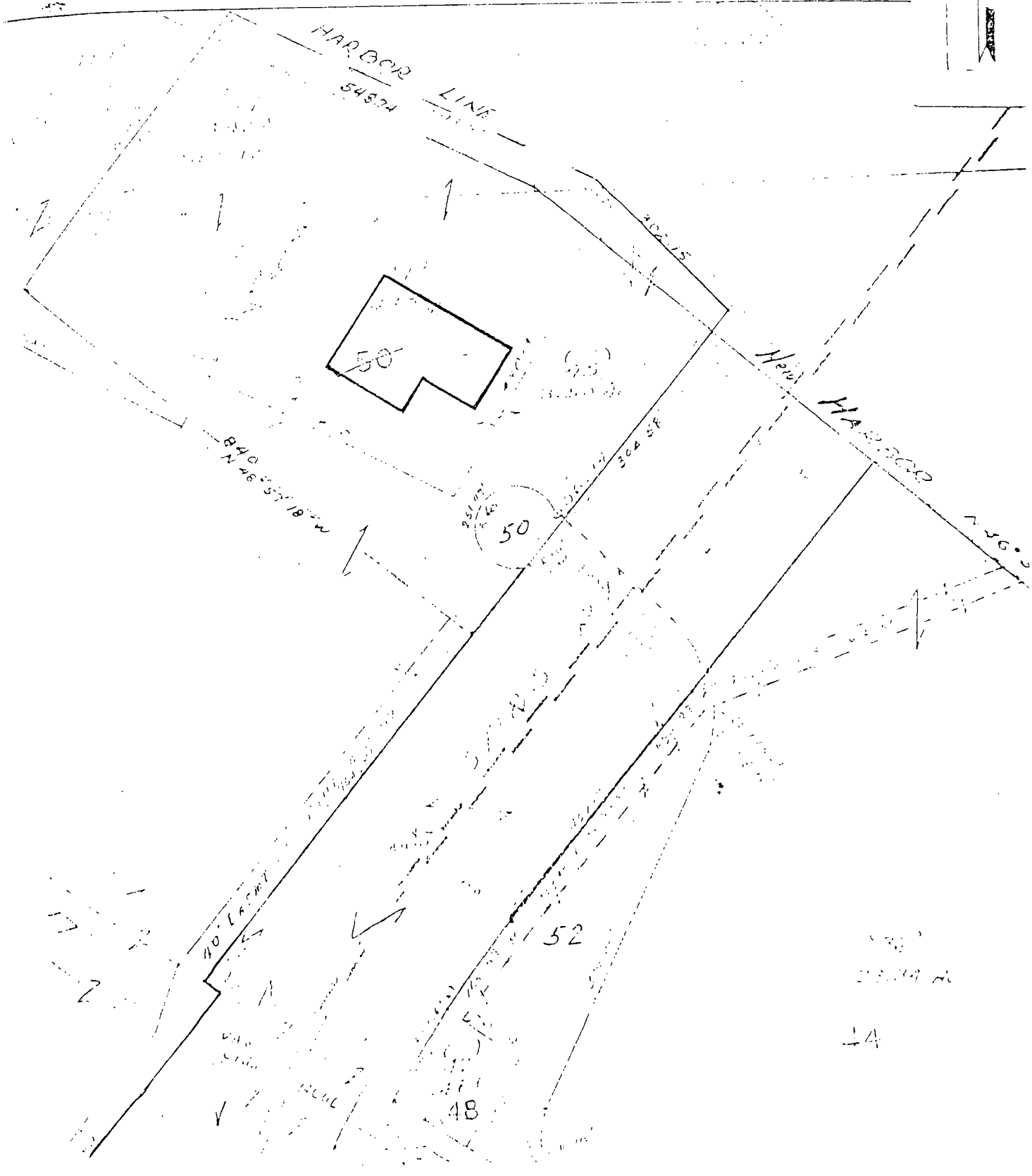
Title Insurance Company of Oregon

314 S. W. FOURTH AVENUE
PORTLAND, OREGON 97204

ORDER NO 545820

MAP 13 1N 1W

SUBDIVISION



SCOEPA00001229

day period. Failure to furnish such statement of loss or damage, or to commence such action within the time hereinbefore specified, shall be a conclusive bar against maintenance by the Insured of any action under this policy.

5. OPTION TO PAY, SETTLE OR COMPROMISE CLAIMS

The Company shall have the option to pay or settle or compromise for or in the name of the Insured any claim insured against or to pay the full amount of this policy, or, in case loss is claimed under this policy by the owner of the indebtedness secured by a mortgage covered by this policy, the Company shall have the option to purchase said indebtedness; such purchase, payment or tender of payment of the full amount of this policy, together with all costs, attorneys' fees and expenses which the Company is obligated hereunder to pay, shall terminate all liability of the Company hereunder. In the event, after notice of claim has been given to the Company by the Insured, the Company offers to purchase said indebtedness, the owner of such indebtedness shall transfer and assign said indebtedness and the mortgage securing the same to the Company upon payment of the purchase price.

6. PAYMENT OF LOSS

(a) The liability of the Company under this policy shall in no case exceed, in all, the actual loss of the Insured and costs and attorneys' fees which the Company may be obligated hereunder to pay.

(b) The Company will pay, in addition to any loss insured against by this policy, all costs imposed upon the Insured in litigation carried on by the Company for the Insured, and all costs and attorneys' fees in litigation carried on by the Insured with the written authorization of the Company.

(c) No claim for damages shall arise or be maintainable under this policy (1) if the Company, after having received notice of an alleged defect, lien or encumbrance not excepted or excluded herein removes such defect, lien or encumbrance within a reasonable time after receipt of such notice, or (2) for liability voluntarily assumed by the Insured in settling any claim or suit without written consent of the Company, or (3) in the event the title is rejected as unmarketable because of a defect, lien or encumbrance not excepted or excluded in this policy, until there has been a final determination by a court of competent jurisdiction sustaining such rejection.

(d) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto and no payment shall be made without producing this policy for endorsement of such payment unless the policy be lost or destroyed in which case proof of such loss or destruction shall be furnished to the satisfaction of the Company; provided, however, if the owner of an indebtedness secured by a mortgage shown in Schedule B is an Insured herein then such payments shall not reduce pro tanto the amount of the insurance afforded hereunder as to such Insured, except to the extent that such payments reduce the amount of the indebtedness secured by such mortgage. Payment in full by any person or voluntary satisfaction or release by the Insured of a mortgage covered by this policy shall terminate all liability of the Company to the insured owner of the indebtedness secured by such mortgage, except as provided in paragraph 2 hereof.

(e) When liability has been definitely fixed in accordance with the conditions of this policy the loss or damage shall be payable within thirty days thereafter.

7. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of this policy is reduced by any amount the Company may pay under any policy insuring the validity or priority of any mortgage shown or referred to in Schedule B hereof or any mortgage hereafter executed by the Insured which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment to the Insured under this policy. The provisions of this paragraph numbered 8 shall not apply to an Insured owner of an indebtedness secured by a mortgage shown in Schedule B unless such Insured acquires title to said estate or interest in satisfaction of said indebtedness or any part thereof.

8. COINSURANCE AND APPORTIONMENT

(a) In the event that a partial loss occurs after the Insured makes an improvement subsequent to the date of this policy, and only in that event, the Insured becomes a coinsurer to the extent hereinafter set forth.

If the cost of the improvement exceeds twenty per centum of the amount of this policy, such proportion only of any partial loss established shall be borne by the Company as one hundred twenty per centum of the amount of this policy bears to the sum of the amount of this policy and the amount expended for the improvement. The foregoing provisions shall not apply to costs and attorneys' fees incurred by the Company in prosecuting or providing for the defense of actions or proceedings, in behalf of the Insured pursuant to the terms of this policy or to costs imposed on the Insured in such actions or proceedings, and shall apply only to that portion of losses which exceed in the aggregate ten per cent of the face of the policy.

Provided, however, that the foregoing coinsurance provisions shall not apply to any loss arising out of a lien or encumbrance for a liquidated amount which existed on the date of this policy and was not shown in Schedule B; and provided further, such coinsurance provisions shall not apply to any loss if, at the time of the occurance of such loss, the then value of the premises, as so improved, does not exceed one hundred twenty per centum of the amount of this policy.

(b) If the land described or referred to in Schedule A is divisible into separate and noncontiguous parcels, or if contiguous and such parcels are not used as one single site, and a loss is established affecting one or more of said parcels but not all, the loss shall be computed and settled on a pro rata basis as if the face amount of this policy was divided pro rata as to the value on the date of this policy of each separate independent parcel to the whole, exclusive of any improvements made subsequent to the date of this policy, unless a liability or value has otherwise been agreed upon as to each such parcel by the Company and the Insured at the time of the issuance of this policy and shown by an express statement herein or by an endorsement attached hereto.

9. SUBROGATION UPON PAYMENT OR SETTLEMENT

Whenever the Company shall have settled a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the Insured, and it shall be subrogated to and be entitled to all rights and remedies which the Insured would have had against any person or property in respect to such claim had this policy not been issued. If the payment does not cover the loss of the Insured, the Company shall be subrogated to such rights and remedies in the proportion which said payment bears to the amount of said loss. If loss should result from any act of the Insured, such act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against hereunder which shall exceed the amount, if any, lost to the Company by reason of the impairment of the right of subrogation. The Insured, if requested by the Company, shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect such right of subrogation, and shall permit the Company to use the name of the Insured in any transaction or litigation involving such rights or remedies.

If the Insured is the owner of the indebtedness secured by a mortgage covered by this policy, such Insured may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the mortgage, or release any collateral security for the indebtedness, provided such act does not result in any loss of priority of the lien of the mortgage.

10. POLICY ENTIRE CONTRACT

Any action or actions or rights of action that the Insured may have or may bring against the Company arising out of the status of the lien of the mortgage covered by this policy or the title of the estate or interest insured herein must be based on the provisions of this policy.

No provision or condition of this policy can be waived or changed except by writing endorsed hereon or attached hereto signed by the President, a Vice-President, the Secretary, and Assistant Secretary or other validating officer of the Company.

11. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the *number of this policy* and shall be addressed to it at the office which issued this policy or to its home office at 314 S. W. Fourth Ave., Portland, Oregon 97204.

SCOEPA00001230

Title Insurance Company of Oregon

MAIN OFFICE
314 S.W. FOURTH AVENUE
(Near Stark Street)
PORTLAND, OREGON 97204
PHONE 222-3651

EAST SIDE OFFICE
1350 S.E. 122nd Avenue
PORTLAND, OREGON 97233
255-9103

GRESHAM OFFICE
857 E. Powell Blvd.
GRESHAM, OREGON 97030
667-1333

WASHINGTON COUNTY OFFICES
12012 S.W. Canyon Road
BEAVERTON, OREGON 97005
641-7000

451 S.E. First Avenue
HILLSBORO, OREGON 97123
640-1796

8747 S.W. Beaverton Hillsdale Hwy.
PORTLAND, OREGON 97225
297-1411

14363 S.W. Pacific Highway
TIGARD, OREGON 97223
620-6806

CLACKAMAS COUNTY OFFICES
112 - 11th Street
OREGON CITY, OREGON 97045
656-5243

311 "B" Avenue
LAKE OSWEGO, OREGON 97034
635-3665

16220 S.E. McLoughlin Blvd.
MILWAUKIE, OREGON 97222
653-7000

38925 Proctor Blvd.
SANDY, OREGON 97055
668-4161

TILLAMOOK COUNTY OFFICE
P.O. Box 521
575 U.S. Highway No. 101 North
TILLAMOOK, OREGON 97141
842-5556

DESCHUTES COUNTY TITLE CO.
Red Oaks Square, 1230 N.E. 3rd Street
BEND, OREGON 97701
382-4201

708 W. Deschutes St.
REDMOND, OREGON 97756
548-1041

TITLE INSURANCE POLICY

TITLE INSURANCE ESCROWS

Title Insurance Company of Oregon

314 S. W. FOURTH AVENUE
(Near Stark Street)
PORTLAND, OREGON 97204
PHONE 222-3651

BENTON COUNTY
Willamette Valley Title Co.
582 N.W. Van Buren Ave., Corvallis, Oregon 97330

CLATSOP COUNTY
Coast Title Company
729 S. Holladay Drive, Seaside, Oregon 97138

COOS COUNTY
Willamette Valley Title Co.
294 Central Ave., Coos Bay, Oregon 97420

CROOK COUNTY
Central Oregon Title Co.
340 Beaver St., Prineville, Oregon 97754

CURRY COUNTY
Gold Coast Title Company
368 N. Ellensburg St., Gold Beach, Oregon 97444
First Federal Building, Brookings, Oregon 97415

DOUGLAS COUNTY
Commercial Title Company
563 S.E. Main St., Roseburg, Oregon 97470

HOOD RIVER COUNTY
Mid-Columbia Title Company
106 3rd St., Hood River, Oregon 97031

JACKSON COUNTY
Crater Title Insurance Co.
604 West Main St., Medford, Oregon 97501
485 East Main St., Ashland, Oregon 97520

JEFFERSON COUNTY
Jefferson County Title & Abstract Co.
400 Fifth Street, Madras, Oregon 97741

JOSEPHINE COUNTY
Josephine County Title Company
507 N.E. 6th St., Grants Pass, Oregon 97526

KLAMATH COUNTY
Klamath County Title Co.
422 Main St., Klamath Falls, Oregon 97601

LANE COUNTY
Willamette Valley Title Co.
845 E. Park St., Eugene, Oregon 97401

LINCOLN COUNTY
Willamette Valley Title Co.
126 West Olive St., Newport, Oregon 97365

LINN COUNTY
Willamette Valley Title Co.
306 S. Broadalbin St., Albany, Oregon 97321

MALHEUR COUNTY
Fidelity Title Company
1153 S.W. 4th Ave., Ontario, Oregon 97914

MARION COUNTY
Willamette Valley Title Co.
318 Church St. N.E., Salem, Oregon 97301

POLK COUNTY
Willamette Valley Title Co.
168 S.W. Court St., Dallas, Oregon 97338

UMATILLA COUNTY
Pioneer Title Company
126 S.E. Court Ave., Pendleton, Oregon 97801

UNION COUNTY
Eastern Oregon Title Inc.
102 Depot St., La Grande, Oregon 97850

WALLOWA COUNTY
Wallowa Title Co.
119 West Main St., Enterprise, Oregon 97828

YAMHILL COUNTY
Northwest Title Company
445 Third St., McMinnville, Oregon 97128
601 East Hancock St., Newberg, Oregon 97132

SCOEPA00001231

1.8

BOND PURCHASE AGREEMENT
The Port of Portland, Industrial Development
Revenue Bonds, 1979 Series (Wacker
Siltronic Corporation Project)

AGREEMENT dated as of April 15, 1979, by and between The Port of Portland (the "Port"), Portland, Oregon and First National Bank of Oregon, Portland, Oregon; Commerzbank, New York, New York; and Dresdner Bank, New York, New York (the "Purchasers").

SECTION 1. Representations and Warranties. The Port represents and warrants that:

1.1. **Corporate Authority.** The Port is a municipal corporation of the State of Oregon. The Port has, pursuant to Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended (collectively the "Act"), authorized as a project the acquisition, construction and installation of certain industrial development facilities at the silicon wafer manufacturing facility in Portland, Oregon of Wacker Siltronic Corporation (the "Corporation"), a Delaware corporation, and the sale of said project to the Corporation. The Port is authorized and empowered by the Act and an ordinance enacted by the Port on March 14, 1979 (the "Ordinance") (a) to enter into the transactions contemplated by (i) this Agreement, (ii) the Ordinance and (iii) the Installment Sale Agreement (the "Sale Agreement") dated as of April 15, 1979, by and between the Port, as vendor, and the Corporation as vendee, and (b) to apply the proceeds from the issuance and sale of the Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) in an aggregate principal amount of $1,000,000 (the "Bonds") as set forth herein. The execution and delivery of this Agreement, the Ordinance, the Sale Agreement and the Bonds are within the corporate authority of the Port, have been duly authorized by all proper corporate proceedings and will not contravene any provisions of applicable law or any statute, judgment, order, decree, agreement or instrument binding on it.

1.2. **Litigation.** There is no action or proceeding pending or, to the knowledge of the Port, threatened by or against the Port before any court or administrative agency which might adversely affect the authority or ability of the Port to perform its obligations under this Agreement, the Ordinance, the Sale Agreement and the Bonds.

1.3. **Governmental Authorization.** No authorizations, consents and approvals of governmental bodies or agencies are required to be obtained by the Port in connection with the execution and delivery of this Agreement, the Sale Agreement and the Bonds or the enactment of the Ordinance or in connection with the carrying out by the Port of its obligations under this Agreement, the Sale Agreement and the Bonds.

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SECTION 2. The Bonds.

2.1. **Purchase of Bonds.** The Purchasers agree, upon the terms and conditions contained in this Agreement, to purchase from the Port on the date hereof the aggregate principal amount of $1,000,000 of Bonds at par plus accrued interest in the amounts as listed on Schedule A attached hereto. The Bonds purchased hereunder will mature on April 15, 1991 and will be subject to redemption at anytime without payment of premium or prepayment penalty. The Bonds will also be subject to Sinking Fund Requirements (as such term is defined in the Ordinance) on April 15 of each year as set out below:

1985 - $140,000
1986 - $140,000
1987 - $140,000
1988 - $145,000
1989 - $145,000
1990 - $145,000
1991 - $145,000

The Bonds shall be substantially in the form set forth in Section 15.08 of the Ordinance and issued pursuant to Section 2.02 thereof, dated April 15, 1979. The Bonds will bear interest, from April 15, 1979 until paid, at a rate of 6 1/8% per annum and shall be payable semi-annually on October 15 and April 15 of each year commencing on October 15, 1979. The Bonds may be redeemed at any time without premium or prepayment penalty.

The Bonds are limited obligations of the Port and are payable solely from and secured by a pledge of the revenues derived from the sale of the Project to the Corporation (except to the extent paid out of moneys attributable to Bond proceeds, income from temporary investments or, under certain circumstances, proceeds of insurance or condemnation awards). The Bonds do not constitute a debt or liability of the State of Oregon or any political subdivision thereof, and neither such State nor any political subdivision thereof shall be liable on the Bonds nor shall the Bonds be payable out of any funds other than those pledged under the Ordinance.

Under the Sale Agreement, title to the Project will be vested in the Corporation but the Port will retain a mortgage and a security interest, subject to Permitted Encumbrances, in the Project and all renewals and replacements thereof to secure the payment of all sums payable by the Corporation to the Port under the Sale Agreement and the performance by the Corporation of all its obligations thereunder.

Payment of the principal and interest on the Bonds has been unconditionally guaranteed by Wacker Chemical Corporation (the "Guarantor") pursuant to a Guarantee Agreement by and between the Guarantor and First National Bank of Oregon, as Trustee, dated as of April 15, 1979 (the "Guarantee").

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2.2. **Funds.** Payment of the purchase price of the Bonds shall be made in New York Clearing House funds.

2.3. **Conditions to the Purchase of Bonds.** The obligation of the Purchasers to purchase the Bonds shall be subject to the following conditions:

(a) At the time of Closing, the Ordinance, the Guarantee, and Sale Agreement in substantially the forms attached hereto shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by you, and the Port shall have duly adopted and there shall be in full force and effect such ordinances and resolutions of the Port as in the opinion of Messrs. Mudge Rose Guthrie & Alexander shall be necessary in connection therewith, with the issuance of the Bonds and with the transactions contemplated hereby;

(b) The market price of the Bonds, or the market price of general credit or revenue obligations issued by States or political subdivisions thereof, or the market price of revenue obligations of the character of the Bonds shall not have been materially and adversely affected by reason of the fact that:

(i) legislation shall have been enacted by the Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or passed by either House of the Congress, or

(ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or

(iii) an order, ruling or regulation shall have been made or proposed by the Treasury Department of the United States or the Internal Revenue Service;

in each such case with the purpose or effect, directly or indirectly, of imposing Federal income taxation upon such interest as would be received by the holders of the Bonds or upon such income as would be received by the Port under the Sale Agreement or the Guarantee, or

(iv) between the date hereof and the date of the Closing there shall have been a material adverse change in the national financial or economic situation in the United States and there shall have occurred (A) the closing of the New York Stock Exchange, or (B) the general suspension of trading on the New York Stock

Exchange, or (C) the establishment of a general banking moratorium by Federal or New York State authorities;

(c) No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commenced, nor shall any legislation have been enacted, with the purpose or effect of prohibiting the issuance, offering or sale of the Bonds as contemplated hereby or the execution or performance of the Ordinance, the Sale Agreement or the Guarantee in accordance with their respective terms;

(d) The Government of the United States shall not have made any declaration of war or become engaged in any major military hostilities;

(e) There are no lawsuits or indictments pending by governmental authorities or others to which the Corporation or the Guarantor is a party or of which any property of the Corporation or the Guarantor is subject, other than ordinary routine litigation incident to the kind of business conducted by the Corporation and the Guarantor, which, if determined adversely to the Corporation or the Guarantor would individually or in the aggregate have a material adverse effect on the financial position or results of operations of the Corporation or the Guarantor.

(f) At or prior to the Closing, you shall receive the following documents:

(i) the unqualified approving opinion, dated the date of Closing, and addressed to the Port of Messrs. Mudge Rose Guthrie & Alexander, Bond Counsel to the Port;

(ii) one copy of a transcript of all proceedings relating to the authorization and issuance of the Bonds;

(iii) the opinion of Messrs. Wood, Tatum, Mosser, Brooke & Holden, counsel to the Port, dated the date of the Closing, and addressed to the Port, to the effect:

(A) The Port is a municipal corporation created and existing under and by virtue of the laws of the State of Oregon.

(B) The Port has lawful authority to acquire, construct and

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install the Project and to sell the Project in accordance with the terms of the Sale Agreement.

(C) The Ordinance has been duly enacted by the Port, and the Sale Agreement, the Bond Purchase Agreement and the Agency Agreement have been duly authorized, executed and delivered by the Port and each of the foregoing constitutes legal, valid and binding obligations of the Port in accordance with its terms.

(D) The Bonds have been duly and validly authorized and issued by the Port, are legal, valid and binding obligations of the Port in accordance with their terms and the terms of the Ordinance and are entitled to the benefits of the Ordinance.

(E) The execution and delivery by the Port of the Agency Agreement and the Bond Purchase Agreement and compliance therewith and with the Ordinance and with the Sale Agreement will not in any material respect conflict with or constitute a breach or default under any agreement or other instrument to which the Port is a party or by which it is bound.

(F) Neither the execution nor delivery by the Port of the Agency Agreement, the Bond Purchase Agreement, the Ordinance or the Sale Agreement, the consummation by the Port of any transactions therein contemplated nor the fulfillment by the Port of the terms, conditions or provisions thereof conflicts with, violates or results in a breach of any law or court decree or, to the best of our knowledge, any published administrative regulation applicable to the Port.

(G) Any recording, registration or filing of the Ordinance, the Sale Agreement, the Guarantee or any other

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instrument necessary to perfect and preserve the rights created thereunder as against third parties or required for the validity and enforceability thereof, including financing statements under the Uniform Commercial Code, has been made and no re-recording, re-filing or re-registration of any such instruments is required for such purpose at this time.

(H) No authorization, approval, consent or other order of any governmental authority or agency other than the Port is required for the valid authorization, execution and delivery of the Sale Agreement, the Bond Purchase Agreement and Agency Agreement or enactment of the Ordinance by the Port.

(iv) a certificate or certificates, dated the date of Closing, signed by an appropriate official of the Port and in form and substance satisfactory to Messrs. Mudge Rose Guthrie & Alexander, in which such person shall state that, to the best of his knowledge after reasonable investigation, the Port has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the date of Closing, that the execution, enactment and delivery of the Sale Agreement, the Bond Purchase Agreement, the Ordinance and the Bonds, and the fulfillment of their terms and provisions by the Port, will not conflict with, or constitute on the part of the Port a breach of or default under, any law, administrative regulation, or court decree to which the Port or its officers are parties, or any indenture, mortgage, deed of trust, agreement or other instrument binding on the Port, and that no litigation is pending or, to the knowledge of the signer of such certificate threatened (A) to restrain or enjoin the issuance or delivery of any of the Bonds, or the application of the proceeds thereof, or the payment, collection or application of purchase price or other revenues or payments pursuant to the Ordinance, the Sale Agreement, the Bond Purchase Agreement or the Guarantee, (B) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinance, the Sale Agreement, the Guarantee, the Bond Purchase Agreement, the application of the proceeds of

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the Bonds or the payment, collection or application of purchase price or other revenues or payments pursuant to the Ordinance, the Sale Agreement or the Guarantee, or (C) in any way contesting the right and power of the Port to cause the Project as defined in the Ordinance to be constructed, reconstructed or acquired;

(v) a certificate, dated the date of Closing, signed by the President or a Vice President and a principal financial or accounting officer of the Corporation and the President or a Vice President and a principal financial or accounting officer of the Guarantor in which such officers state that, to the best of their knowledge after reasonable investigation, the representations and warranties of the Corporation and the Guarantor in the Letter of Indemnity are true and correct as if made at and as of the Closing, that the Corporation and the Guarantor have complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing and that no litigation is pending or threatened against the Corporation or the Guarantor (A) to restrain or enjoin the issuance or delivery of any of the Bonds or the application of the proceeds thereof, or the payment, collection or application of the purchase price or other revenues or payments pursuant to the Sale Agreement, the Guarantee or the Ordinance, or (B) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinance, the Sale Agreement, the Guarantee, this Bond Purchase Agreement, the application of the proceeds of the Bonds or the payment, collection or application of the purchase price or other revenues or payments pursuant to the Sale Agreement, the Guarantee or the Ordinance;

(vi) the opinion of Walter, Conston, Schurtman & Gumpel, P.C., Counsel for the Corporation, dated the date of Closing and addressed to you and the Port, to the effect that:

> (A) The Corporation has been duly organized and is validly existing and in good standing under the laws of the State of Delaware; the Corporation has full corporate power to execute and deliver, and perform its obligations under the Sale Agreement and the Letter of Indemnity; and the Corporation is duly qualified to do

business and is in good standing in the State of Oregon;

(B) The Sale Agreement has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Corporation enforceable in accordance with its terms (subject to bankruptcy and other laws affecting enforcement of creditors' rights generally);

(C) The Letter of Indemnity has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Corporation and has not been terminated by the Corporation;

(D) No authorization, approval, consent or other order of any governmental authority or agency other than the Port or of any other entity or person (or persons) is required for the valid authorization, execution and delivery of the Sale Agreement and the Letter of Indemnity by the Corporation;

(E) There is no litigation pending or threatened against the Corporation: (i) to restrain or enjoin the issuance or delivery of any of the Bonds, or the application of the proceeds thereof, or the payment, collection or application of payments or other revenues pursuant to the Sale Agreement or the Ordinance, (ii) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinance, the Sale Agreement, the Letter of Indemnity, the Guarantee, the Agency Agreement, the Bond Purchase Agreement, the application of the proceeds of the Bonds or the payment, collection or application of payments or other revenues pursuant to the Sale Agreement, the Ordinance or the Guarantee, or (iii) in any way contesting the right and power of the Port to cause to be

constructed the Project as described in the Sale Agreement;

(F) The execution and delivery of the Sale Agreement and the Letter of Indemnity and the fulfillment of their terms and provisions by the Corporation will not: (i) conflict with, violate or result in a breach of any law or any administrative regulation or court decree applicable to the Corporation, (ii) conflict with, or result in a breach of, or constitute a default under the Articles of Incorporation or Bylaws of the Corporation or the laws of the State of Delaware or any indenture, mortgage, deed of trust, agreement or other instrument to which the Corporation is a party, or by which it is bound, or any order, rule or regulation applicable to the Corporation of any court or other govermental body, or (iii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation pursuant to the terms of any such indenture, mortgage, deed of trust or other instrument;

(G) The operation of the Project in the manner presently contemplated and as described in the Ordinance and the Sale Agreement will not conflict with any zoning, water or air pollution applicable thereto. The Project is located wholly within the jurisdiction of the Port.

(H) Subject to those liens and encumbrances existing on the date of execution and delivery of the Sale Agreement, the Port has acquired all the right, title and interest of the Corporation in and to such components of the Project (as defined in the Sale Agreement) as have been completed or work on which is in progress at the time of execution of the Sale Agreement.

(vii) The opinion of Walter, Conston, Schurtman & Gumpel, P.C., Counsel for the Guarantor, dated the date of the Closing and addressed to you and the Port, to the effect that:

(A) The Guarantor has been duly organized and is validly existing and in good standing under the laws of the State of New York; the Guarantor has full corporate power to execute and deliver, and perform its obligations under the Guarantee and the Letter of Indemnity;

(B) The Guarantee has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Guarantor enforceable in accordance with its terms (subject to bankruptcy and other laws affecting enforcement of creditors' rights generally);

(C) The Letter of Indemnity has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Guarantor and has not been terminated by the Guarantor;

(D) No authorization, approval, consent or other order of any governmental authority or agency other than the Port or of any other entity or person (or persons) is required for the valid authorization, execution and delivery of the Guarantee and the Letter of Indemnity by the Guarantor;

(E) There is no litigation pending or threatened against the Guarantor: (i) to restrain or enjoin the issuance or delivery of any of the Bonds, or the application of the proceeds thereof, or the payment, collection or application of payments or other revenues pursuant to the Sale Agreement, the Ordinance or the Guarantee, (ii) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinance,

the Sale Agreement, the Guarantee, the Bond Purchase Agreement, the Letter of Indemnity, the application of the proceeds of the Bonds or the payment, collection or application of payments or other revenues pursuant to Sale Agreement, the Ordinance or the Guarantee, or (iii) in any way contesting the right and power of the Port to cause to be constructed the Project as described in the Sale Agreement;

(F) The execution and delivery of the Guarantee and the Letter of Indemnity and the fulfillment of their terms and provisions by the Corporation will not: (i) conflict with, violate or result in a breach of any law or any administrative regulation or court decree applicable to the Guarantor, (ii) conflict with, or result in a breach of, or constitute a default under the Articles of Incorporation or Bylaws of the Guarantor or any indenture, mortgage, deed of trust, agreement or other instrument to which the Guarantor is a party, or by which it is bound, or any order, rule or regulation applicable to the Guarantor of any court or other governmental body, or (iii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Guarantor pursuant to the terms of any such indenture, mortgage, deed of trust or other instrument; and

(viii) such additional certificates, opinions or documents as Messrs. Mudge Rose Guthrie & Alexander shall deem appropriate.

SECTION 3. Miscellaneous.

3.1. **Notices.** All notices hereunder shall be deemed to been given when deposited in the mails or delivered to the raph company addressed to any party hereto at its address given

herein or at any other address of which it shall have notified the person giving such notice in writing.

3.2. **Term of Agreement.** The term of this Agreement shall be until the payment in full of the Bonds and any other amounts due hereunder.

3.3. **Oregon Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Oregon.

3.4. **Changes, Waivers, etc.** Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated, except by a statement in writing signed by each party against which enforcement of the change, waiver, discharge or termination is sought.

3.5. **Counterparts.** This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument. Complete sets of counterparts shall be lodged with the Port and the Purchasers.

3.6. **Payments of Expenses.** All expenses and costs to effect the authorization, preparation, issuance, delivery and sale of the Bonds (including, without limitation, (i) the reasonable fees and disbursements of Messrs. Mudge Rose Guthrie & Alexander, Bond Counsel, and counsel for the Port, the Corporation and the Guarantor, (ii) the fee of ABD Securities Corporation and EuroPartners Securities Corporation in connection with the sale of the Bonds, and (iii) all other expenses and costs of the Port or the Corporation incident to the performance of their obligations in connection with the authorization, issuance and sale of the Bonds) shall be payable by the Port out of the proceeds of the Bonds.

3.7. **Bonds for Account of Purchasers.** The Purchasers agree and represent to the Port that they are purchasing the Bonds set forth in Schedule A attached hereto for their own investment accounts, and not with a view to the distribution or resale thereof, subject, nevertheless, to the understanding that the ultimate disposition of the Bonds shall be within the control of the Purchasers.

3.8. **Receipt of Documents and Financial Statements.** The ›urchasers hereby acknowledge receipt and approve the form as ttached hereto of the Ordinance, the Sale Agreement and the uarantee. The Purchasers further acknowledge receipt from the ›lacement Agents of the following financial information and data con- erning the Corporation and the Guarantor:

(i) The 1977 Annual Report of Wacker-Chemie GmbH, Munich, Germany (Wacker-Chemie owns 100% of the Guarantor) in the form attached to the Letter of Indemnity as Exhibit A; and

(ii) Various financial statements of the Guarantor in the form attached to the Letter of Indemnity as Exhibit B.

THE PORT OF PORTLAND

By _____

ST NATIONAL BANK OF OREGON

_____

IERZBANK

_____

ONER BANK

_____

A.V.P.

V.P.

Schedule A

Name of Purchaser	Amount of Bonds
1. First National Bank of Oregon	$300,000
2. Commerzbank	$350,000
3. Dresdner Bank	$350,000

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1.9

AGENCY AGREEMENT

The Port of Portland
P.O. Box 3529
Portland, Oregon 97208

Dear Sirs:

The undersigned (hereinafter referred to as the "Placement Agents") hereby agree to use their best efforts to complete, as your agents, the private placement of $3,430,000 aggregate principal amount of the Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) and $1,000,000 Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (collectively, the "Bonds") of The Port of Portland (the "Port") and the Port hereby agrees that the Placement Agents shall act as agents for the Port in the private placement of the Bonds on the terms and subject to the conditions set forth below.

The Bonds shall be issued pursuant to, and shall be as described in, two separate Ordinances of the Port, enacted on March 14, 1979 (separately, the "Ordinance"). In connection with the issuance of the Bonds two separate Installment Sale Agreements, dated as of April 15, 1979 (separately, the "Sale Agreement"), are to be made and entered into by and between the Port, as vendor, and Wacker Siltronic Corporation, as vendee, and two separate Guarantee Agreements, dated as of April 15, 1979 (separately, the "Guarantee") are to be made and entered into by and between Wacker Chemical Corporation (the "Guarantor") and First National Bank of Oregon, Portland, Oregon, as Trustee.

A form of the Bond Purchase Agreement (the "Agreement") has been prepared for use in connection with the private placement and sale of the Bonds. A copy of the Agreement is attached hereto as Exhibit A. The Port hereby approves the use and circulation to prospective investors by the Placement Agents in connection with the private placement and sale of the Bonds of the forms of the Agreement, the Ordinance, the Sale Agreement and the Guarantee.

The closing and delivery of the Bonds shall take place in the offices of Messrs. Mudge Rose Guthrie & Alexander at 10:00 a.m., E.S.T., on or about April 15, 1979 or at such other time and place as may be agreed to by the Port and the purchasers of the Bonds, and shall be subject to the terms and conditions contained in the Agreement.

For placing the Bonds, the Port will pay ABD Securities Corporation and EuroPartners Securities Corporation a placement fee of 1 7/8% of the principal amount of the Bonds, plus out of pocket expenses from the proceeds derived from sale of the Bonds.

If the foregoing is in accordance with your understanding of the agreement among you and Placement Agents, kindly sign and return one of the enclosed duplicates hereof, whereupon it will constitute a binding agreement among the Port and the Placement Agents in accordance with its terms.

Very truly yours,

ABD SECURITIES CORPORATION

By Sidney Koch

EUROPARTNERS SECURITIES CORPORATION

By David L. Friedman

Accepted and confirmed as of the the 15th day of April, 1979.

THE PORT OF PORTLAND

By Kenneth Spies

SCOEPA00001249

1.10

This **FINANCING STATEMENT** is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

3. Maturity date (if any): 4/15/1991

1. Debtor(s) (Last Name First) and address(es)

The Port of Portland
P. O. Box 3529
Portland, Oregon 97208

2. Secured Party(ies) and address(es)

First National Bank
of Oregon
P. O. Box 2971
Portland, Oregon 97208

For Filing Officer (Date, Time, Number, and Filing Office)

E93728 1.10

4. This financing statement covers the following types (or items) of property:

All of the right, title and interest of the Debtor in and to the Installment Sale Agreement attached hereto as Exhibit A (Agreement) dated as of April 15, 1979, between the Debtor and Wacker Siltronic Corporation (Wacker) and all amounts payable or which may become payable by Wacker to the Debtor under the Sale Agreement.

5. Assignee(s) of Secured Party and Address(es)

This statement is filed without the debtor's signature to perfect a security interest in collateral. (check ☒ if so)

☐ already subject to a security interest in another jurisdiction when it was brought into this state.

☐ which is proceeds of the original collateral described above in which a security interest was perfected:

Filed with:
Secretary of State

Check ☒ if covered: ☒ Proceeds of Collateral are also covered. ☐ Products of Collateral are also covered. No. of additional Sheets presented:

TERMINATION STATEMENT: This Statement of Termination of Financing is presented to a Filing Officer for filing pursuant to the Uniform Commercial Code. The Secured Party certifies that the Secured Party no longer claims a security interest under the financing statement bearing the file number shown above.

Date_____ 19_____

By:_____
(Signature of Secured Party or Assignee of record. Not Valid Until Signed.)

Filing Officer is requested to note file number, date and hour of filing on this copy and return to the person filing, as an acknowledgement.

1.11

CERTIFICATE

OF THE PORT OF PORTLAND, OREGON

We, the undersigned President and Assistant Secretary of the Port of Portland, Oregon (the "Port") DO HEREBY CERTIFY as follows:

(1) The following are now, and have continuously been since the dates of beginning of their respective current terms of office shown below, the duly elected, qualified and acting officers and members of the Port, and the dates of the beginning and ending of their respective current terms of office are hereunder correctly designated opposite their names:

Commissioners	Name of Officer	Date of Beginning of Current Term	Date of Ending of Current Term
President	Kenneth Lewis	August 22, 1977	August 21, 1981
Vice President	Joseph M. Edgar	August 22, 1977	August 21, 1981
Secretary	G. Johnny Parks	October 3, 1977	October 2, 1981
Treasurer	Samuel T. Naito	October 3, 1977	October 2, 1981
Commissioner	John C. Caldwell	January 17, 1979	January 9, 1983
Commissioner	Alan Green, Jr.	January 17, 1979	January 9, 1983
Commissioner	Blake Hering	January 17, 1979	January 9, 1983
Commissioner	William E. Love	January 17, 1979	January 9, 1983
Commissioner	Lloyd Babler, Jr.	October 3, 1977	October 2, 1981

(2) A. That we did heretofore cause to be officially executed $1,000,000 aggregate principal amount of The Port of Portland Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "Bonds").

B. That Kenneth Lewis, President of the Board of Commissioners of the Port, has manually executed each of the Bonds and that said Kenneth Lewis was on the date he executed the Bonds and is now the duly chosen, qualified and acting President of the Board of Commissioners of the Port.

C. That we have caused the official seal of the Port to be affixed on each of the Bonds, and attested by the manual signature of Gabriel Vallicelli, Assistant Secretary of the Port, who was on the date he manually signed the Bonds and is now a duly chosen, qualified and acting Assistant Secretary of the Port.

D. That the seal which has been affixed on the Bonds and upon this Certificate is the legally adopted, proper and only official corporate seal of the Port.

E. That Kenneth Lewis, President of the Board of Commissioners of the Port, pursuant to due authorization by Ordinance No. 246 of the Port, enacted on March 14, 1979, executed on behalf of the Port a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated April 15, 1979, between the Port and Commerzbank, Dresdner Bank and First National Bank of Oregon (the "Purchasers").

(3) We further certify that, to the best of our knowledge after reasonable investigation, the representations of the Port in said Bond Purchase Agreement are true and correct, that the Port has complied with all agreements and satisfied all conditions on its part to be performed or

satisfied pursuant to said Bond Purchase Agreement at or prior to the date hereof, that the execution and delivery of the Installment Sale Agreement, the Bond Purchase Agreement, the Ordinance and the Bonds (all as defined in said Bond Purchase Agreement) and the fulfillment of their terms and provisions by the Port, will not conflict with, or constitute on the part of the Port a breach of or default under, any law, administrative regulation, or court decree to which the Port or its officers are parties, or any indenture, mortgage, deed of trust, agreement or other instrument binding on the Port, and that no litigation is pending or, to the knowledge of the undersigned, threatened (A) to restrain or enjoin the issuance or delivery of any of the Bonds, or the application of the proceeds thereof, or the payment, collection or application of purchase price or other revenues or payments pursuant to the Installment Sale Agreement, the Ordinance or the Guarantee (as defined in said Bond Purchase Agreement), (B) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinance, the Installment Sale Agreement, the Guarantee, the Bond Purchase Agreement, the application of the proceeds of the Bonds or the payment, collection or application of the purchase price or other revenues or payments pursuant to the Installment Sale Agreement, the Ordinance or the Guarantee, or (C) in any way contesting the right and power of the Port to cause the Project as defined in the Ordinance to be constructed, reconstructed or acquired.

(4) We further certify that the Bond Purchase Agreement as executed and delivered by the Port on April 15, 1979 has not been revoked or amended.

WITNESS our hands and said seal this 26th day of April, 1979.

(SEAL)

Signature	Title of Officer
[signature]	President
G. Mitchell	Assistant Secretary

I hereby certify that the signatures of the officers which appear above are true and genuine and that I know said officers and know them to hold the offices described and in witness whereof I have hereunto set my hand this 26th day of April, 1979.

[signature]
Name of Signatory

Asst. Vice President
Title

First National Bank of Oregon
Name of Bank

SCOEPA00001257

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

April 26, 1979

First National Bank
of Oregon
Portland, Oregon

Gentlemen:

We have heretofore handed to you, duly executed, $1,000,000 aggregate principal amount of Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "Bonds") of The Port of Portland (the "Port"), authorized to be issued pursuant to Ordinance No. 246 enacted by the Port on March 14, 1979 (the "Ordinance").

As Trustee under the Ordinance, you have received the documents required by Section 3.02 of the Ordinance to be received by the Trustee as conditions precedent to the delivery of the Bonds.

Pursuant to Section 3.02 of the Ordinance, you are hereby requested and authorized to authenticate the Bonds and to register the same in such names and such authorized denomination or denominations as the purchasers listed on Schedule A attached hereto (the "Purchasers") shall have requested of you in a letter dated not later than April 15, 1979 and when so authenticated and registered, to deliver them to or upon the order of said Purchasers upon payment to you, as Trustee, of the proceeds of the Bonds in the total amount of ~~$1,001,871.53~~ $1,002,041.66 (representing the purchase price of $1,000,000 plus accrued interest of ~~$1,871.53~~ $2,041.66). You are to deposit $1,000,000 of said proceeds into the Construction Fund and ~~$1,871.53~~ $2,041.66 of said proceeds into the Bond Fund, both said Funds being created by the Ordinance.

(SEAL)

THE PORT OF PORTLAND

By: _____
(Vice) President

_____
Assistant Secretary

1.13

CERTIFICATE OF DELIVERY AND PAYMENT

I, GABRIEL VALLICELLI, Assistant Secretary of The Port of Portland (the "Port"), HEREBY CERTIFY that on the date hereof, the Port acknowledges that First National Bank of Oregon, as Trustee (the "Trustee") under Ordinance No. 246 enacted on March 14, 1979 by the Port (the "Ordinance"), has delivered to the purchasers listed in Schedule A attached hereto (the "Purchasers") pursuant to the Bond Purchase Agreement dated April 15, 1979 between the Port and the Purchasers, $1,000,000 aggregate principal amount of the Port's Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project), and that the Trustee has received $1,002,041.66 from the Purchasers as full payment for said Bonds.

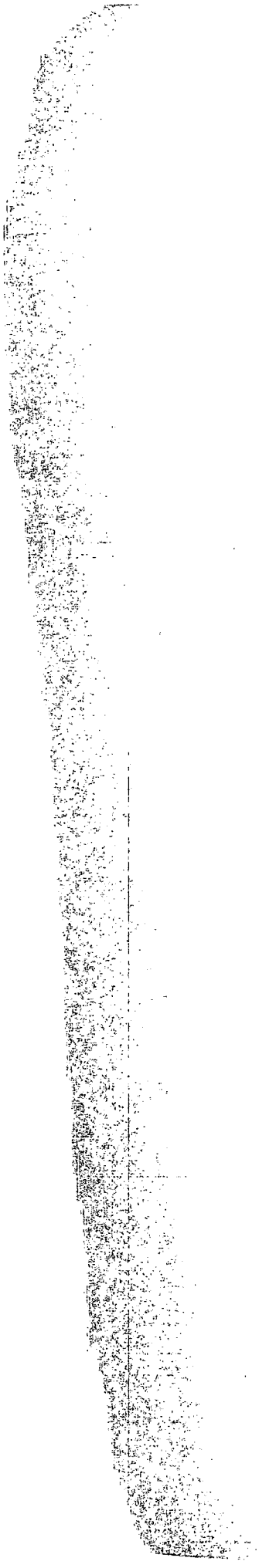
IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Port this 26th day of April, 1979.

Assistant Secretary

(SEAL)

Schedule A

Name of Purchaser	Amount of Bonds
1. First National Bank of Oregon	$300,000
2. Commerzbank	$350,000
3. Dresdner Bank	$350,000



1.14

CERTIFICATE AS TO SPECIMEN BONDS

I, Gabriel Vallicelli, Assistant Secretary of The Port of Portland (the "Port"), HEREBY CERTIFY as follows:

1. Attached hereto as Exhibit A is a specimen of the Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project), of the Port, in registered form, which specimen is identical in all respects, except as to number, authentication signature and name of registered owner or owners with said Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project), in registered form, this day delivered to the purchasers listed in Schedule A attached hereto (the "Purchasers").

2. The said specimen is in the form prescribed by Ordinance No. 246 enacted by the Port on March 14, 1979.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Port this 26th day of April, 1979.

G. Vallicelli
Assistant Secretary

[SEAL]

UNITED STATES OF AMERICA

STATE OF OREGON

THE PORT OF PORTLAND

INDUSTRIAL DEVELOPMENT REVENUE BOND, 1979 SERIES

(WACKER SILTRONIC CORPORATION PROJECT)

No. R-1 $300,000

The Port of Portland (the "Port"), a municipal corporation, created and existing under and by virtue of the laws of the State of Oregon, for value received, hereby promises to pay to First National Bank of Oregon, Portland Oregon, or registered assigns, on the fifteenth day of April, 1991, upon the presentation and surrender hereof, the principal sum of Three Hundred Thousand Dollars ($300,000) solely from the revenues and receipts of the Port from or in connection with the sale of the Project hereinafter referred to as provided in the Ordinance hereinafter referred to and to pay solely from such revenues and receipts interest on said principal sum from the date hereof, at the rate of six and one-eighth percent (6 1/8%) per annum, until the payment of such principal sum, such interest being payable on the fifteenth days of April and October in each year (commencing October 15, 1979) but only in the case of interest payable at or prior to the maturity of this bond. The principal of and interest on this bond are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, at the principal corporate trust office of First National Bank of Oregon, the Trustee hereinafter mentioned, or at the office designated for such payment of any successor thereof. The interest on this bond, when due and payable, shall be paid to the registered owner hereof by check or draft mailed to such person at his address last appearing on the Bond Register.

This bond is one of a duly authorized issue of bonds of the Port designated as "Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)" (the "1979 Bonds"), issued in the aggregate principal amount of $1,000,000 under and pursuant to the Constitution and Laws of the State of Oregon, particularly Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended (collectively, the "Act"), and under and secured by Ordinance No. 246 enacted by the Port on March 14, 1979 (the "Ordinance"). The 1979 Bonds are issued for the purpose of financing a portion of the cost of acquisition, construction and installation of certain industrial development facilities at the silicon wafer manufacturing facility (the "Plant") of Wacker Siltronic Corporation (the "Corporation") located in Portland, Oregon to be sold to the Corporation under and pursuant to an Installment Sale Agreement between the Port and the Corporation dated as of April 15, 1979 (hereinafter, together with any amendments thereof, called the "Sale Agreement"). Payment of principal of and and interest on the 1979 Bonds has been unconditionally guaranteed by Wacker Chemical Corporation (the "Guarantor") pursuant to a Guarantee Agreement, dated as of April 15, 1979 (the "Guarantee"), entered into between the Guarantor and the Trustee for the benefit of the holders and owners of the 1979 Bonds and the coupons appertaining thereto. The 1979 Bonds are additionally secured by a mortgage on the Project, as hereinafter defined, from the Port to the First National Bank of Oregon (hereinafter called the "Trustee"). As provided in the Ordinance, additional bonds may be issued in one or more series for the purpose of financing the cost of completion of said facilities, the cost of enlargements, improvements or expansions of said

SCOEPA00001264

facilities, and the cost of acquisition and installation of additional industrial development facilities at the Plant (such facilities, together with any enlargements, improvements or expansions thereof, and any such additional facilities herein collectively called the "Project").

Copies of the Ordinance, the Sale Agreement and the Guarantee are on file at the principal corporate trust office of the Trustee and reference is made to the Ordinance (and all ordinances and resolutions supplementary thereto and amendatory thereof), the Sale Agreement and the Guarantee for the provisions relating, among other things, to the terms and security of the 1979 Bonds, the collection and disposition of the revenues and receipts of the Port from or in connection with the sale of the Project, the custody and application of the proceeds of the 1979 Bonds, the rights and remedies of the holders of the 1979 Bonds, the rights, duties and obligations of the Port, the Corporation and the Trustee, and the modification or amendment of any of the foregoing documents.

This bond and any additional bonds issued under and secured by the Ordinance are and will be equally and ratably secured, to the extent provided in the Ordinance, solely by a pledge of the revenues and receipts derived by the Port from or in connection with the sale of the Project, including payments received under the Sale Agreement and the Guarantee. The holder of this bond shall not have the right to compel any exercise of the taxing power of the Port to pay this bond or the interest hereon. This bond shall not in any manner or to any extent be a general obligation of the Port nor a charge upon the tax revenues of the Port nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the Ordinance.

The 1979 Bonds are issuable in the form of coupon bonds registrable as to principal, in the denomination of $5,000 and in the form of registered bonds without coupons in the denominations of $5,000 or any integral multiple of $5,000. The holder of any coupon 1979 Bond or Bonds may surrender the same, with all unmatured and any matured coupons in default attached, at the above mentioned office of the Trustee, in exchange for an equal aggregate principal amount of registered 1979 Bond or Bonds without coupons, of the same maturity, of any of the authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Ordinance. In like manner, subject to such conditions and upon the payment of such charges, the owner of any registered 1979 Bond or Bonds without coupons may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon 1979 Bonds of the same maturity, with all unmatured coupons and any matured coupons in default attached, or of registered 1979 Bonds without coupons, of the same maturity and of any other authorized denominations.

The transfer of this bond is registrable, as provided in the Ordinance, upon the Bond Register kept for that purpose at the above mentioned office of the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds, without coupons, of the same series and maturity and in the same aggregate principal amounts, shall be issued to the transferee in exchange herefor as provided in the Ordinance, and upon payment of the charges therein prescibed. The Port and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner herof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 1979 Bonds are subject to mandatory redemption at a price equal to 100% of the principal amount thereof plus accrued interest to the redemption date on April 15 in each year of the years 1985 to 1991, inclusive, in accordance with the sinking fund

provisions of Section 6.03 of the Ordinance, in part (by lot) in the manner provided in Article VIII of the Ordinance.

The 1979 Bonds shall be subject to redemption prior to maturity, in whole or in part, on any interest payment date, in integral multiples of $5,000, without redemption premium or prepayment penalty. If the redemption is in part, the particular 1979 Bonds to be redeemed shall be selected (by lot) by the Trustee. Such redemption shall be at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

The 1979 Bonds shall be subject to mandatory redemption in whole on any date within 180 days after receipt by the Trustee of notice of

(i) the issuance of a published or private ruling of the Internal Revenue Service in which the Corporation has participated to the degree it deems sufficient and which ruling the Corporation, in its discretion, does not contest by an appropriate proceeding directly or through a bondholder,

(ii) a final determination by any court of competent jurisdiction in the United States in a proceeding to which the Corporation is a party, or

(iii) enactment of any amendment to the Internal Revenue Code of 1954, as amended, or the promulgation of or amendment to Treasury Department Regulations, or any other change in present law,

to the effect that the interest payable on the 1979 Bonds is includable in the gross income for Federal income tax purposes of the holders thereof (other than a "substantial user" of the Project or a "related person" as provided in Section 103(b)(8) of the Internal Revenue Code of 1954, as amended), provided, however, that the Corporation may, at its option, not be obligated to redeem the 1979 Bonds as provided herein if interest payable on the 1979 Bonds is includable for Federal income tax purposes in the gross income of the holders thereof (other than a "substantial user" of the Project or a "related person") due to the occurrance of an event in (iii) above and the Corporation upon written notification to the holders of the 1979 Bonds within thirty days of receipt of notice from the Trustee of its mandatory redemption obligation hereunder, agrees (a) to pay interest on the outstanding principal amount of the 1979 Bonds in an amount equal to 11.34% from the date on which interest on the 1979 Bonds was included in such holders' gross income to the maturity date (as defined below) of the 1979 Bonds, minus the amount of interest actually paid on the 1979 Bonds from the date of the inclusion of interest in the gross income of the holder and (b) that the maturity date of the 1979 Bonds shall be changed to April 15, 1989 and all outstanding principal on the 1979 Bonds plus unpaid interest accrued to such maturity date shall be payable on such maturity date. The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date in a manner as provided in the Ordinance.

The 1979 Bonds shall also be subject to mandatory redemption in whole on the next applicable interest payment date, after receipt by the Trustee of notice from the Corporation to the effect that a majority of the holders of the 1979 Bonds then Outstanding have elected on behalf of all of said Bondholders to require the redemption of the 1979 Bonds based upon both of the conditions in either of subparagraphs (a) or (b) below existing or the condition in subparagraph (c) below existing.

(a) Wacker Chemie GmbH ("Chemie"), a German corporation, shall own directly or indirectly less than 100% but more than 75% of the voting stock of the Corporation and the Corporation shall have a net worth, as determined in accordance with generally

accepted accounting principles ("Net Worth") of less than $6,000,000; or

(b) Chemie shall own directly or indirectly less than 75% but more than 51% of the voting stock of the Corporation and the Corporation shall have a Net Worth of less than $10,000,000; or

(c) Chemie shall own dirctly or indirectly less than 51% of the voting stock of the Corporation.

The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date.

If less than all the 1979 Bonds of one maturity shall be called for redemption, the particular 1979 Bonds of such maturity to be redeemed shall be selected by lot by the Trustee or in such other manner as the Trustee in its discretion may deem proper. Any such redemption, either in whole or in part, shall be made upon at least thirty (30) days' and no more than sixty (60) days' prior notice in the manner and upon the terms and conditions provided in the Ordinance. If this bond or any portion hereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for, all as more fully set forth in the Ordinance, interest on this bond or such portion shall cease to accrue from such date, and from and after such date this bond or such portion shall no longer be entitled to any lien, benefit, or security under the Ordinance, and the holder hereof shall have no rights in respect of this bond or such portion except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

This bond shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the manual signature of a duly authorized officer of the Trustee's certificate of authentication hereon.

No covenant or agreement contained in this bond or the Ordinance shall be deemed to be a covenant or agreement of any member or employee of the Port in his individual capacity, and neither the members of the Port nor any officer thereof executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

To the extent permitted by and as provided in the Ordinance, modifications or alterations of the Ordinance, or of any ordinance supplemental thereto, and of the rights and obligations of the Port and of the holders of the bonds and coupons in any particular may be made with the consent of the Corporation and (a) the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds then outstanding under the Ordinance, and (b) in case less than all of the several series of bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds of each series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms not take effect so long as any bonds of any specified series remain outstanding, the consent of the holders of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding bonds under the Ordinance; provided, further, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of bonds the consent of the holders of which is required for any such modification or alteration, or permit the creation by the Port of any lien prior to, or, except to secure additional bonds, on a parity with, the lien of the Ordinance upon the receipts and revenues of the Port from or in connection with the sale of the Project or which will affect the times, amounts and currency of payment of the principal of and the

interest on said bonds. Any such consent by the holder of this bond shall be conclusive and binding upon such holder and all future holders and owners of this bond irrespective of whether or not any notation of such consent is made upon this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this bond exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of Oregon.

IN WITNESS WHEREOF, the Port has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its President and its seal or a facsimile thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the manual or facsimile signature of its (Assistant) Secretary, as of the 15th day of April, 1979.

THE PORT OF PORTLAND

By_____
President

[SEAL]

ATTEST:

_____
[Assistant] Secretary

SPECIMEN

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) described in the within mentioned Ordinance.

FIRST NATIONAL BANK OF OREGON,
Trustee

By_____

1.15

PORT OF PORTLAND

CERTIFICATE AS TO ARBITRAGE

I, the undersigned, being the person duly charged, with others, with responsibility for issuing the Port's $1,000,000 Port of Portland Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "1979 Series Bonds"), dated April 15, 1979 and being issued this day, HEREBY CERTIFY that:

(1) On the basis of the facts, estimates and circumstances in existence on the date hereof I reasonably expect the following with respect to the 1979 Series Bonds and the use of the proceeds of the 1979 Series Bonds:

(a) The amount received by the Port from the sale of the 1979 Series Bonds will be used to permanently finance the costs of acquiring, constructing, installing and equipping the industrial development facilities (the "Project") described in the Installment Sale Agreement between the Port and the Corporation dated as of April 15, 1979 (the "Agreement"). Upon the completion of acquisition, construction, installation and equipment, the Project will be sold by the Port on an installment basis to the Wacker Siltronic Corporation (the "Corporation"), pursuant to the Agreement under which only amounts necessary to pay debt service on the 1979 Series Bonds and Administrative Expenses will be paid. Capitalized terms used herein, but

not otherwise specifically defined herein, shall have the same meanings given to such terms in the Agreement.

(b) The face amount of the 1979 Series Bonds will be $1,000,000. An amount equal to accrued interest on the 1979 Series Bonds from April 15, 1979 to the date hereof and received from the initial purchasers of the 1979 Series Bonds will be deposited in the Bond Fund and applied to pay a portion of the interest maturing on October 15, 1979. Of the remaining $1,000,000 received from the sale of the 1979 Series Bonds amount, not less than $20,000 will be used to pay expenses, including ~~underwriter's~~ placement agent's compensation, as incurred in connection with the issuance thereof.

(c) The net amount received as a result of the sale of the 1979 Series Bonds after payment of the amount referred to in (b) above will not be more than $980,000. The financeable cost of the Project is estimated to be at least $1,000,000. Thus, all of the proceeds received by the Port from the sale of the 1979 Series Bonds are expected to be needed to pay the costs of issuance thereof and pay the costs of constructing, acquiring and installing the Project.

(d) Binding contracts or commitments obligating the expenditure, for the work of acquiring, constructing, installing and equipping the Project, of not less than $25,000 have heretofore been entered into or made. These

binding contracts or commitments were for construction materials and services.

(e) Work on the Project will proceed with due diligence until completion thereof.

(f) It is expected that the work of acquiring, constructing, installing and equipping the Project will be completed by July, 1980. Thus, it is expected that the entire amount of the proceeds received by the Port from the sale of the 1979 Series Bonds, and investment proceeds thereon, will be expended on the acquisition, construction, installation and financing of the Project by such date.

(2) The facts and estimates in subparagraphs (a) and (c) through (f) of paragraph (1) are based on representations made by the Corporation. The Port is not aware of any facts or circumstances that would cause it to question the accuracy of the representations made by the Corporation.

(3) The only expected sources for payment of debt service on the 1979 Series Bonds are amounts held in the Bond Fund. Except for original proceeds of the 1979 Series Bonds and investment income thereon, any amounts deposited in the Bond Fund will be spent within a 13-month period beginning on the date of deposit and any amounts received from investment of such amounts will be spent within a one-year period beginning on the date of receipt.

(4) The Port has not received notice that its Certificate may not be relied upon with respect to its own issues nor has it been

advised that any adverse action by the Commissioner of Internal Revenue is contemplated.

To the best of my knowledge and belief the expectations of the Corporation set forth in this letter are reasonable and there are no facts, estimates or circumstances other than those expressed herein that would materially affect the expectations herein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of April, 1979.

PORT OF PORTLAND, OREGON

By: G. Vallicelli

WACKER SILTRONIC CORPORATION
200 S.W. MARKET STREET SUITE 1130
PORTLAND, OREGON 97201

April 26, 1979

Board of Commissioners of the
Port of Portland, Oregon

$1,000,000
Port of Portland Industrial Development
Revenue Bonds,
1979 Series (Wacker Siltronic Corporation Project)

Gentlemen:

In connection with the issuance and sale by the Port of Portland, Oregon (the "Port") of $1,000,000 aggregate principal amount of the Port's Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "1979 Series Bonds"), I hereby certify on behalf of Wacker Siltronic Corporation (the "Corporation"), that:

(1) On the basis of the facts, estimates and circumstances in existence on the date hereof I reasonably expect the following with respect to the 1979 Series Bonds and the use of the proceeds of the 1979 Series Bonds:

(a) The amount received by the Port from the sale of the 1979 Series Bonds will be used to permanently finance the costs of acquiring, constructing, installing and equipping the industrial development facilities (the "Project") described in the Installment Sale Agreement between the Port and the Corporation dated as of April 15, 1979 (the "Agreement"). Upon the completion of acquisition,

construction, installation and equipment, the Project will be sold by the Port on an installment basis to the Corporation, pursuant to the Agreement. Capitalized terms used herein, but not otherwise specifically defined herein, shall have the same meanings given to such terms in the Agreement.

(b) The face amount of the 1979 Series Bonds will be $1,000,000. An amount equal to accrued interest on the 1979 Series Bonds from April 15, 1979 to the date hereof and received from the initial purchasers of the 1979 Series Bonds will be deposited in the Bond Fund and applied to pay a portion of the interest maturing on October 15, 1979. Of the remaining $1,000,000 received from the sale of the 1979 Series Bonds amount, not less than $20,000 will be used to pay expenses, including underwriter's compensation, incurred in connection with the issuance thereof.

(c) The net amount received as a result of the sale of the 1979 Series Bonds after payment of the amount referred to in (b) above will not be more than $980,000. The financeable cost of the Project is estimated to be at least $1,000,000. Thus, all of the proceeds received by the Port from the sale of the 1979 Series Bonds are expected to be needed to pay the costs of issuance thereof and pay the costs of constructing, acquiring and installing the Project.

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(d) Binding contracts or commitments obligating the expenditure, for the work of acquiring, constructing, installing and equipping the Project, of not less than $25,000 have heretofore been entered into or made. These binding contracts or commitments were for construction materials and services.

(e) Work on the Project will proceed with due diligence until completion thereof.

(f) It is expected that the work of acquiring, constructing, installing and equipping the Project will be completed by July, 1980. Thus, it is expected that the entire amount of the proceeds received by the Port from the sale of the 1979 Series Bonds, and investment proceeds thereon, will be expended on the acquisition, construction, installation and financing of the Project by such date.

(g) The only expected sources for payment of debt service on the 1979 Series Bonds are amounts held in the Bond Fund. Except for original proceeds of the 1979 Series Bonds and investment income thereon, any amounts deposited in the Bond Fund will be spent within a 13-month period beginning on the date of deposit and any amounts received from investment of such amounts will be spent within a one-year period beginning on the date of receipt.

To the best of my knowledge and belief the expectations of the Corporation set forth in this letter are reasonable and there are no facts, estimates or circumstances other than those expressed

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herein that would materially affect the expectations herein expressed.

Very truly yours,

WACKER SILTRONIC CORPORATION

By: _____
Vice-President

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SCOEPA00001278

CERTIFICATE AS TO DEED

I, Gabriel Vallicelli, Assistant Secretary of The Port of Portland, Oregon (the "Port"), do hereby certify that, pursuant to the provisions of Section 4.01 of the Installment Sale Agreement between the Port and Wacker Siltronic Corporation, dated as of April 15, 1979, there is attached hereto as Exhibit A a true and correct copy of the undated Deed from The Port of Portland to Wacker Siltronic Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Port this 26th day of April, 1979.

(SEAL)

G. Vallicelli

Assistant Secretary

BARGAIN AND SALE DEED

THE PORT OF PORTLAND a municipal corporation of the State of Oregon (hereinafter referred to as "Grantor"), conveys to Wacker Siltronic Corporation duly organized and existing under the laws of the state of Delaware (hereinafter referred to as "Grantee"), the following described real property situated in Multnomah County, Oregon,

A tract of land in Section 13, Township 1 NOrth, Range 1 West, Willamette Meridian, in the City of Portland, County of Multnomah, State of Oregon.

Beginning at a point South 86°00'29" West 325.38 feet from the intersection of the Harbor Line and the Northerly line of the S.P.&S.R.R. right-of-way, from which Harbor Line monument No. 50 bears South 42°01'25" West 419.42 feet and South 46°01'03" East 137.16 feet; thence South 35°33'55" West 100.00 feet; thence North 54°26'05" West 90.00 feet; thence South 35°33'55" West 60.00 feet; thence North 54°26'05" West 130.00 feet; thence North 35°33'55" East 160.00 feet; thence South 54°26'05" East 220.00 feet to the point of beginning.

Containing 29,800 square feet more or less or 0.6841 acres more or less.

The true and actual consideration for this conveyance is other property or value given or promised.

IN WITNESS WHEREOF the foregoing instrument was executed on behalf of Grantor this____ day of _____, 1979.

THE PORT OF PORTLAND

By_____

1.17

1.17

MUDGE ROSE GUTHRIE & ALEXANDER

20 BROAD STREET

NEW YORK, N.Y. 10005

212-422-6767

MILTON C. ROSE
COUNSEL

1701 PENNSYLVANIA AVE N W

WASHINGTON, D.C. 20006

202-298-5970

12, RUE DE LA PAIX

75002, PARIS, FRANCE

261-57-71

CABLE ADDRESS

BALTUCHINS-NEW YORK

TELEX 127889

TELECOPIER

212-422-6914

JOHN H. ALEXANDER
GEORGE F. ANDEREGG, JR
BLISS ANSNES
PETER W. ASHER
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WILLIAM H. CANNON
NICHOLAS J. CAPOZZOLI, JR.
JOSEPH J. CARROLL
J.D. CLAYTON
JOSEPH C. DALEY
FREDERICK M. DANZIGER
MARTIN J. DOCKERY
THOMAS W. EVANS
RICHARD S. FARROW
ROBERT E. FERDON
JAMES G. FRANGOS
LEONARD GARMENT
GERRIT GILLIS
ROBERT J. GILLISPIE
RANDOLPH H. GUTHRIE
JOHN P. HEDERMAN
MATTHEW G. HEROLD, JR.
DANA W. HISCOCK
JOHN J. KIRBY, JR.
WILLIAM J. KRAMER
WILLIAM B. LANDIS
FRANKLIN B. LINCOLN, JR.
CARL F. LYON, JR.
WILLIAM A. MADISON
ARTHUR J. MAHON
FRANCIS X. MALONEY
JAMES P. MARLIN
GEORGE J. MARTIN, JR.
J. ROGER MENTZ
RICHARD H. NICHOLLS
DOUGLAS M. PARKER
NORMAN M. SEGAL
LAURENCE V. SENN, JR.
HARRY G. SILLECK, JR
HENRY ROOT STERN, JR.
ARNOLD H. TRACY
DAVID A. VAUGHAN
WILLIAM N. WALKER
DONALD J. ZOELLER

April 26, 1979

Board of Commissioners
of The Port of Portland
Portland, Oregon

Gentlemen:

We have examined proceedings and proofs relating to the issuance by The Port of Portland (the "Port"), a municipal corporation of the State of Oregon, of $1,000,000 aggregate principal amount of its Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "Bonds").

The Bonds are issued under and pursuant to the Constitution and laws of the State of Oregon, particularly Chapters 777 and 778 of the Oregon Revised Statutes (the "Act"), and under and pursuant to an ordinance enacted on March 14, 1979 (the "Ordinance").

The Bonds will mature on April 15, 1991 and bear interest at the rate of 6 1/8% per annum.

The Bonds are dated and shall bear interest from April 15, 1979, except as otherwise provided in the Ordinance with respect to registered Bonds without coupons. Interest on the Bonds is payable semi-annually on April 15 and October 15 of each year commencing October 15, 1979. The Bonds are subject to redemption prior to their maturity in the manner and upon the terms and conditions set forth in the Ordinance. The Bonds are issuable in the form of coupon Bonds in the denomination of $5,000, or in fully registered form without coupons in the denomination of $5,000 or any multiple thereof.

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We have also examined one of the Bonds as executed and authenticated (Bond No. R-1).

We have also examined a certified copy of the Ordinance, an executed copy of a Guarantee Agreement, dated as of April 15, 1979 (the "Guarantee Agreement"), made and entered into by and between Wacker Chemical Corporation (the "Guarantor") and First National Bank of Oregon, Portland, Oregon (the "Trustee"), whereby the Guarantor has guaranteed to the Trustee the payment of the principal of, redemption premium, if any, and interest on the Bonds and an executed copy of an Installment Sale Agreement, dated as of April 15, 1979 (the "Sale Agreement"), made and entered into by and between the Port and Wacker Siltronic Corporation (the "Corporation"), providing for the acquisition, construction and installation by the Port and sale thereof to the Corporation of certain industrial development facilities.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds in accordance with the Constitution and laws of the State of Oregon, including the Act, and that the Bonds are legal, valid and binding obligations of the Port in accordance with their terms and the terms of the Ordinance (except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights) and are entitled to the benefits of the Ordinance and the Act and are payable solely from and secured by a pledge of the proceeds of the Bonds and the revenues derived from payments pursuant to the Sale Agreement and the Guarantee Agreement.

We are further of the opinion that the Sale Agreement and the Guarantee Agreement have been duly authorized, executed and delivered by the parties thereto and constitute valid and binding obligations of the parties thereto, in accordance with their terms (except insofar as the enforcement of the Sale Agreement and the Guarantee Agreement may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights).

With respect to the due authorization, execution and delivery of the Sale Agreement and the Guarantee Agreement by the Corporation and the Guarantor, respectively, we have relied upon the opinion of Walter, Conston, Schurtman & Gumpel, Counsel to the Corporation and the Guarantor, dated as of the date hereof.

SCOEPA00001283

With respect to the recording, registration or filing of the Ordinance and any instrument necessary to perfect and preserve the rights created thereunder as against third parties or required for the validity and enforceability thereof, including Uniform Commercial Code financing statements, we have relied upon the opinion of Wood, Tatum, Mosser, Brooke & Holden, Counsel to the Port, dated the date hereof.

We are further of the opinion that the interest on the Bonds is exempt from all present Federal income taxes and Oregon personal income taxes under existing statutes, court decisions, regulations and rulings except with respect to any Bond for any period during which such Bond is held by a person who is a "substantial user" of the facilities being financed with the proceeds of the Bonds or a "related person" within the meaning of Section 103(b)(8) of the Internal Revenue Code of 1954, as amended.

Respectfully yours,

Mudge Rose Guthrie & Alexander

SCOEPA00001284

MUDGE ROSE GUTHRIE & ALEXANDER

20 BROAD STREET

NEW YORK, N.Y. 10005

212-422-6767

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BLISS ANSNES
PETER W. ASHER
WALTER E. BREEN
WILLIAM H. CANNON
NICHOLAS J. CAPOZZOLI, JR.
JOSEPH J. CARROLL
J.D. CLAYTON
JOSEPH C. DALEY
FREDERICK M. DANZIGER
MARTIN J. DOCKERY
THOMAS W. EVANS
RICHARD S. FARROW
ROBERT E. FERDON
JAMES G. FRANGOS
LEONARD GARMENT
GERRIT GILLIS
ROBERT J. GILLISPIE
JUDAH GRIBETZ
RANDOLPH H. GUTHRIE
JOHN P. HEDERMAN
MATTHEW G. HEROLD, JR.
DANA W. HISCOCK
JOHN J. KIRBY, JR.
WILLIAM J. KRAMER
WILLIAM B. LANDIS
FRANKLIN B. LINCOLN, JR.
CARL F. LYON, JR.
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ARTHUR J. MAHON
FRANCIS X. MALONEY
JAMES P. MARLIN
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J. ROGER MENTZ
RICHARD H. NICHOLLS
DOUGLAS M. PARKER
NORMAN M. SEGAL
LAURENCE V. SENN, JR.
HARRY G. SILLECK, JR.
HENRY ROOT STERN, JR.
ARNOLD H. TRACY
DAVID A. VAUGHAN
WILLIAM N. WALKER
DONALD J. ZOELLER

April 26, 1979

Board of Commissioners of the
Port of Portland, Oregon

Gentlemen:

We have examined the record of proceedings relating to the issuance by the Port of Portland, Oregon, of its $1,000,000 Port of Portland Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "1979 Series Bonds"), including a Certificate as to Arbitrage executed on even date herewith. We have also examined the Internal Revenue Code of 1954, as amended (the "Code"), and the regulations prescribed thereunder, including particularly Section 103(c) of the Code, Temporary Treasury Regulations Section 13.4 and Proposed Treasury Regulations Sections 1.103-13, 1.103-14 and 1.103-15.

Based upon our examination of law and review of proceedings as described above, we are of the opinion (1) that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficiently set forth therein to satisfy the criteria which are necessary under Section 103(c) of the Code, Temporary Treasury Regulations Section 13.4 and Proposed Treasury Regulations Sections 1.103-13, 1.103-14 and 1.103-15 to support the conclusion that the 1979 Series Bonds will not be "arbitrage bonds" as therein defined, and (2) that the 1979 Series Bonds are not such "arbitrage bonds." No matters have come to our attention which make unreasonable or incorrect the representations made in said Certificate.

Very truly yours,

Mudge Rose Guthrie & Alexander

SCOEPA00001285

1.18

LAW OFFICES
WOOD, TATUM, MOSSER, BROOKE & HOLDEN

ERSKINE WOOD
of Counsel

ERSKINE B. WOOD
LOFTON L. TATUM
JOHN D. MOSSER
JOHN R. BROOKE
JOHN G. HOLDEN
DONALD J. MORGAN
PETER G. VOORHIES
PAUL N. WONACOTT
ROBERT I. SANDERS
JEFFREY E. BOLY
WILLIAM P. BUREN
ALLEN G. McKENZIE

April 26, 1979

1505 STANDARD PLAZA
1100 SOUTHWEST SIXTH AVENUE
PORTLAND, OREGON 97204

TELEPHONE (503) 224-5430
CABLE: LINWOOD
TELEX 360334

Board of Commissioners
The Port of Portland
P. O. Box 3529
Portland, Oregon 97208

Gentlemen:

We have acted as counsel to The Port of Portland (the "Port"), a municipal corporation of the State of Oregon, in connection with the execution and sale by the Port of $1,000,000 of its Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "Bonds"). The Port is authorized by the provisions of the Constitution and statutes of the State of Oregon, and Chapters 777 and 778 of the Oregon Revised Statutes (collectively referred to as the "Act") to, among other things, acquire, construct, install, own, lease and sell industrial development facilities. The bonds are being issued for the purpose of financing a portion of the cost of completing the acquisition, construction and installation of certain industrial development facilities (the "Project") at the Wacker Siltronic Corporation (the "Corporation") plant complex in Portland, Oregon.

We have examined, among other things, the following:

(i) All laws, proceedings and documents relating to the organization of the Port, including the act creating the Port, as amended, and the by-laws of the Port;

(ii) The proceedings of the Port enacting on March 14, 1979, Ordinance No. 246 (the "Ordinance") relating to the Bonds authorizing, among other things, the following:

(a) The appointment by the Port of The First National Bank of Oregon, as Trustee (the "Trustee"), under the Ordinance and the acceptance of such appointment by the Trustee;

SCOEPA00001287

(b) The Installment Sale Agreement, dated as of April 15, 1979, between the Port and the Company (the "Sale Agreement");

(c) The Bond Purchase Agreement, dated as of April 15, 1979, between the Port and Commerzbank, Dresdner Bank and The First National Bank of Oregon (the "Purchasers"); and

(d) The Agency Agreement dated as of April 15, 1979, between the Port and ABD Securities Corporation and Europartners Securities Corporation (the "Placement Agents").

(iii) Executed counterparts of the Installment Sale Agreement, the Bond Purchase Agreement and the Agency Agreement and an officially certified copy of the Ordinance.

Based upon the foregoing and upon an examination of such documents and instruments and matters of law as we have deemed necessary to enable us to render this opinion, we are of the opinion that:

1. The Port is a municipal corporation created and existing under and by virtue of the laws of the State of Oregon.

2. The Port has lawful authority to acquire, construct and install the Project and to sell the Project in accordance with the terms of the Sale Agreement.

3. The Ordinance has been duly enacted by the Port, and the Sale Agreement, the Bond Purchase Agreement and the Agency Agreement have been duly authorized, executed and delivered by the Port and each of the foregoing constitutes legal, valid and binding obligations of the Port in accordance with its terms.

4. The Bonds have been duly and validly authorized and issued by the Port, are legal, valid and binding obligations of the Port in accordance with their terms and the terms of the Ordinance and are entitled to the benefits of the Ordinance.

5. The execution and delivery by the Port of the Agency Agreement and the Bond Purchase Agreement and compliance therewith and with the Ordinance and with the Sale Agreement will not in any material respect conflict with or constitute a breach or default under any agreement or other instrument to which the Port is a party or by which it is bound.

6. Neither the execution nor delivery by the Port of the Agency Agreement, the Bond Purchase Agreement, the Ordinance or the Sale Agreement, the consummation by the Port of any transactions therein contemplated nor the fulfillment by the Port of the terms, conditions or provisions thereof conflicts with, violates or results in a breach of any law or court decree or, to the best of our knowledge, any published administrative regulation applicable to the Port.

7. Any recording, registration or filing of the Ordinance, the Sale Agreement, the Guarantee or any other instrument necessary to perfect and preserve the rights created thereunder as against third parties or required for the validity and enforceability thereof, including financing statements under the Uniform Commercial Code, has been made and no re-recording, re-filing or re-registration of any such instruments is required for such purpose at this time.

8. No authorization, approval, consent or other order of any governmental authority or agency other than the Port is required for the valid authorization, execution and delivery of the Sale Agreement, the Bond Purchase Agreement and Agency Agreement or enactment of the Ordinance by the Port.

Very truly yours,

Wood Tatum Mosser Brooke & Holden

LLT:fbg

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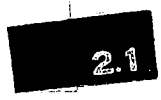
2.1

State of New York
Department of State } ss.:

18429

I hereby certify that I have compared the annexed copy with the original document filed by the Department of State and that the same is a correct transcript of said original.

Witness my hand and seal of the Department of State on APR [illegible]

Basil A. Paterson

Secretary of State

G020:504 (12/78)

SCOEPA00001291

NYS DEPARTMENT OF STATE

MISC FILING RECEIPT CERTIFICATES

CORPORATION NAME

WACKER CHEMICAL CORP.

DATE FILED	DURATION & COUNTY CODE	FILM NUMBER	CASH NUMBER
04/24/79			358741

NUMBER AND KIND OF SHARES

LOCATION OF PRINCIPAL OFFICE

COMMENTS:

ADDRESS FOR PROCESS

REGISTERED AGENT

FEES AND/OR TAX PAID AS FOLLOWS:

AMOUNT OF CHECK $ 00020.50

AMOUNT OF MONEY ORDER $ _____

AMOUNT OF CASH $ _____

_____ DOLLAR FEE TO COUNTY

$ FILING

$ TAX

$ CERTIFIED COPY

$ CERTIFICATE

020.50 MISCELLANEOUS

TOTAL PAYMENT $ 0000020.50

FILER NAME AND ADDRESS

XL

REFUND OF $

TO FOLLOW

BASIL A PATERSON - SECRETARY OF STATE

DOS-518 (1/78)

SCOEPA00001292

Department of State } ss:

I Hereby Certify, *That I have made diligent examination of the index of corporation papers filed in this Department for a certificate, order or record of a dissolution of*

WACKER CHEMICAL CORP.

the certificate of incorporation of which corporation was filed July 23, 1965,

with perpetual duration,

and that upon such examination, I find no such certificate, order or record, and that so far as indicated by the records of this department, such corporation is a subsisting corporation.

I further certify that I find the following amendment:

Certificate of Amendment of
Certificate of Incorporation
Filed June 27, 1968

Witness *my hand and the official seal of the Department of State at the City of Albany, this* twenty-third *day of* April *one thousand nine hundred and* seventy-nine.

Basil A. Paterson

Secretary of State

SCOEPA00001293

State of New York
Department of State } ss.:

18430

I hereby certify that I have compared the annexed copy with the original document filed by the Department of State and that the same is a correct transcript of said original.

Witness my hand and seal of the Department of State on APR 3 [illegible]

Basil A. Paterson

Secretary of State

G020-504 (12/78)

691161

CERTIFICATE OF AMENDMENT
OF THE CERTIFICATE OF INCORPORATION
OF
WACKER CHEMICAL CORPORATION
UNDER SECTION 805 OF THE BUSINESS CORPORATION LAW.

WE, THE UNDERSIGNED, Dr. Karl Heinz Wacker and Werner Braun, being respectively the President and the Secretary of WACKER CHEMICAL CORPORATION, hereby certify:

1. The name of the Corporation is WACKER CHEMICAL CORPORATION.

2. The Certificate of Incorporation of said corporation was filed by the Department of State on the 19th of July, 1965.

3. (a) The Certificate of Incorporation is amended to increase the aggregate number of shares which the corporation shall have authority to issue by authorizing five hundred (500) additional shares of the par value of $ 1,000 (one thousand) each.

(b) To effect the foregoing, the Fourth Article relating to the number of shares of the corporation is amended to read as follows:

"FOURTH: The aggregate number of shares which the Corporation shall have authority to issue One Thousand (1,000), all of which are of a par value of One Thousand ($ 1,000) Dollars each, and all of which are of the same class."

SCOEPA00001295

CERTIFICATE OF INCORPORATION

CERTIFICATE OF AMENDMENT

4. The amendment was authorized by a resolution adopted by all the shareholders of the corporation pursuant to a Consent in Writing dated May 15, 1968.

IN WITNESS WHEREOF, we have signed this Certificate on the 31st day of May, 1968, and we affirm the statements contained therein as true under penalties of perjury.

Dr. Karl Heinz Wacker, President

Werner Braun, Secretary

2

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7/23/65

509679

500 AV $1000

250

CERTIFICATE OF AMENDMENT
OF THE CERTIFICATE OF INCORPORATION

OF

WACKER CHEMICAL CORPORATION

UNDER SECTION 805 OF THE BUSINESS
CORPORATION LAW.

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED JUN 27 1968
TAX $ 250
FILING FEE $ 30

Secretary of State
By

ERNEST C. STEEFEL
ATTORNEY AT LAW
55 WALL STREET
NEW YORK 5, N.Y.

State of New York
Department of State } ss.:

18430

I hereby certify that I have compared the annexed copy with the original document filed by the Department of State and that the same is a correct transcript of said original.

Witness my hand and seal of the Department of State on [illegible]

Basil A. Paterson

Secretary of State

G020-504 (12/78)

CERTIFICATE OF INCORPORATION

OF

WACKER CHEMICAL CORPORATION

Under Section 402 of the Business Corporation Law

509479

The undersigned, being a natural person of at least 21 years of age and acting as the incorporator of the corporation hereby being formed under the Business Corporation Law, certifies that:

FIRST: The name of the corporation is WACKER CHEMICAL CORPORATION.

SECOND: The corporation is formed for the following purpose or purposes:

To manufacture and deal in goods of any kind and description, especially to manufacture and deal in chemical products, and to manufacture and deal in semiconductor devices and plastics; and to manufacture, prepare, compound, refine, distil, produce, invent, discover, devise, develop, acquire, assign, and transfer formulae, concentrates, compounds, and processes for, apply, buy, sell, import and export, and generally deal in and with and as principal, agent, broker, licensor, licensee, and in any lawful capacity, in any kind of goods and products,

To carry on the business of manufacturers, sellers, buyers, exporters, importers, and dealers in chemicals and plastics, industrial, commercial, instruments,

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materials, and supplies of all kinds, and to manufacture or otherwise produce and to buy, sell, trade, export, import, and deal in all kinds of machinery, tools, materials, goods, wares, and merchandise which may be required for any of the purposes of the business of this corporation.

To carry on a general mercantile, industrial, investing, and trading business in all its branches; to devise, invent, manufacture, fabricate, assemble, install, service, maintain, alter, buy, sell, import, export, license as licensor or licensee, lease as lessor or lessee, distribute, job, enter into, negotiate, execute, acquire, and assign contracts in respect of, acquire, receive, grant, and assign licensing arrangements, options, franchises, and other rights in respect of, and generally deal in and with, at whole and retail, as principal, and as sales, business, special, or general agent, representative, broker, factor, merchant, distributor, jobber, advisor, or in any other lawful capacity, goods, wares, merchandise, commodities, and unimproved, improved, finished, processed, and other real, personal, and mixed property of any and all kinds, together with the components, resultants, and by-products thereof; to acquire by purchase or otherwise own, hold, lease, mortgage, sell, or otherwise dispose of, erect, construct, make, alter, enlarge, improve, and to aid or subscribe toward the

SCOEPA00001300

construction, acquisition or improvement of any factories, shops, storehouses, buildings, and commercial and retail establishments of every character, including all equipment, fixtures, machinery, implements and supplies necessary, or incidental to, or connected with, any of the purposes or business of the corporation; and generally to perform any and all acts connected therewith or arising therefrom or incidental thereto, and all acts proper or necessary for the purpose of the business.

To engage generally in the real estate business as principal, and in any lawful capacity, and generally to take, lease, purchase, or otherwise acquire, and to own, use, hold, sell, convey, exchange, lease, mortgage, work, clear, improve, develop, divide, and otherwise handle, manage, operate, deal in and dispose of real estate real property, lands, houses, buildings and other works and any interest or right therein; to take, lease, purchase or otherwise acquire, and to own, use, hold, sell, convey, exchange, hire, lease, pledge, mortgage, and otherwise handle, and deal in and dispose of, as principal, and in any lawful capacity, such personal property, chattels, chattels real, rights, easements, privileges, choses in action, notes, bonds, mortgages, and securities as may lawfully be acquired, held, or disposed of; and to acquire, purchase, sell, assign, transfer, dispose of, and generally deal in and with, as principal, agent, broker, and in any lawful capacity, mortgages and other

SCOEPA00001301

interests in real, personal, and mixed properties; to carry on a general construction, contracting, and building business as principal, agent, representative, contractor, subcontractor, and in any other lawful capacity.

To apply for, register, obtain, purchase, lease, take licenses in respect of or otherwise acquire, and to hold, own, use, operate, develop, enjoy, turn to account, grant licenses and immunities in respect of, manufacture under and to introduce, sell, assign, mortgage, pledge or otherwise dispose of, and, in any manner deal with and contract with reference to:

(a) inventions, devices, formulae, processes and any improvements and modifications thereof;

(b) letters patent, patent rights, patented processes, copyrights, designs, and similar rights, trademarks, trade symbols and other indications of origin and ownership granted by or recognized under the laws of the United States of America or of any state or subdivision thereof, or of any foreign country or subdivision thereof, and all rights connected therewith or appertaining thereunto;

(c) franchises, licenses, grants and concessions.

To acquire, by purchase, subscription, contract or otherwise, and to invest in, hold for investment or otherwise, to pledge and otherwise realize upon and to sell, contract to sell and dispose of, all forms of securities, including but not by way of limitation, shares,

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stocks, bonds, debentures, notes, scrip, warrants, rights, options, certificates of deposit, mortgages, evidences of indebtedness, certificates of indebtedness and certificates of interest issued or created, or to be issued or created in any and all parts of the world by corporations, associations, partnerships, trustees, syndicates, individuals, governments, states, municipalities and other political and governmental divisions and subdivisions, or by any combinations, organizations or entities whatsoever, irrespective of their form or the name by which they may be described, and all trust, participation and other certificates of, and receipts evidencing, interest in any such securities; and in the case of any sale, whether or not owned by the corporation at the time of making the sale or contract of sale; to pay for the same by the issuance of its stock, bonds, debentures or its other obligations or securities or by any other means of payment whatsoever; to exercise any and all rights, powers and privileges of individual ownership or interest in respect of any and all such securities or evidences of interest therein, including the right to vote thereon and to consent and otherwise act with respect thereto, to do any and all acts and things for the preservation, protection, improvement and enhancement in value of any and all such securities or evidences of interest therein, and to aid by loan, subsidy, guaranty or otherwise those issuing, creating

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or responsible for any such bonds or other evidences of indebtedness or stock or certificates of interest therein or other securities owned or held by this corporation or by any corporation in which this corporation may have an interest as stockholder or otherwise; to acquire and become interested in any such securities or evidences of interest therein, as aforesaid, by original subscription, underwriting, participation in syndicates or otherwise and irrespective of whether or not such securities or evidences of interest therein be fully paid or subject to further payments; to make payments thereon as called for or in advance of calls or otherwise, and to underwrite or subscribe for the same conditionally or otherwise and either with a view to investment or for resale or for any other lawful purpose.

To make, enter into and carry out any arrangements, which may be deemed to be for the benefit of the corporation, with any domestic or foreign govefnmental, municipal or public authority, or with any corporation, partnership, association, combination, organization, entity or person; to obtain therefrom or otherwise to acquire by purchase, lease, assignment or otherwise, any powers, rights, privileges, immunities, franchises, guarantees, grants, and concessions; to hold, own, exercise, exploit, dispose of and realize upon the same, and to undertake and prosecute any business dependent thereon which may lawfully by undertaken by a corporation or-

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ganized under the laws of the State of New York; and to cause to be formed, to promote and to aid in any way in the formation of any corporation, domestic or foreign, for any such purpose.

To purchase, acquire, hold, mortgage, pledge, hypothecate, exchange, sell, deal in and dispose of, alone or in syndicate or otherwise in conjunction with others, commodities and other personal property and real property of every kind, character and description whatsoever and wheresoever situated, and any interest therein.

To engage in any mercantile, manufacturing or trading business of any kind or character whatsoever, within or without the State of New York, and to do all things incidental to any such business; to cause to be formed, merged or reorganized or liquidated, and to promote, take charge of and aid in any way permitted by law the formation, merger, reorganization or liquidation of, any corporation, association or entity in the United States or abroad.

To enter into any lawful arrangements for sharing profits, union of interest, reciprocal concession or co-operation, with any corporation, association, partnership, syndicate, entity, person or governmental, municipal or public authority, domestic or foreign, in the carrying on of any business which the corporation is authorized to carry on or any business or transaction deemed neces-

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sary, convenient or incidental to carrying out any of the purposes of the corporation.

To borrow money; to issue bonds, debentures or obligations secured or unsecured, of the corporation from time to time, for moneys borrowed or in payment for property purchased or for any of the other objects or purposes of the corporation; to secure the same by mortgage or mortgages upon, or by deed or deeds of trust of, or by pledge of, any or all of the property, real and personal of the corporation, wheresoever situated, acquired or to be acquired; and to sell or otherwise dispose of any or all such bonds, debentures or obligations in such manner and upon such terms as may be judicious; to confer upon the holders of any bonds, debentures or obligations of the corporation, secured or unsecured, the right to convert the principal thereof into stock of the corporation upon such terms and conditions as may be deemed advisable; to create, issue, sell and otherwise dispose of for money, property or other considerations deemed useful for the purpose of the corporation, certificates entitling the holder to an interest in all or any part of the securities from time to time held by the corporation; to permit the holders of any bonds, debentures or obligations of the corporation, secured by specific securities, to share in the income of such securities in lieu of, or in addition to,

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a fixed return on their investment; and to issue certificates for partly-paid stock of the corporation.

To endorse or guarantee the payment of principal and/or interest or dividends upon any stocks, bonds, obligations or other securities or evidences of indebtedness issued or created by any other corporation of the State of New York or any other state, or of any country, nation or government, or political authority, so far as the same may be permitted by law.

To merge, amalgamate or consolidate, in accordance with law, with any other corporation having objects altogether or in part similar to the objects of this corporation; and to form, organize, promote, manage, control and maintain and dissolve, merge or consolidate one or more corporations in the shares or securities of which this corporation may be or become interested, for such purpose or purposes as may aid or advance the objects and purposes of this corporation.

To sell, assign, transfer, convey, mortgage, pledge and otherwise dispose of all the property and the entire business of this corporation at any time, including its entire goodwill and all its assets, privileges, franchises and rights of whatever sort, either for cash or upon credit, or in consideration of the transfer to this corporation of the stocks, bonds, or other obligations of any other corporation, and under such terms and

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conditions as the Board of Directors of this corporation may deem expedient and for the best interests of this corporation when and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power given at a stockholders' meeting duly called for that purpose, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding.

To purchase, hold, sell, transfer, reissue or cancel shares of its own capital stock or its own securities or obligations in the manner and to the extent now or hereafter authorized or permitted by the laws of the State of New York.

In any and all parts of the world to manufacture, produce, purchase or otherwise acquire, sell or otherwise dispose of, import, export, distribute, deal in and with, whether as principal or agent, goods, wares, merchandise and materials of every kind and description, whether now known or hereafter to be discovered or invented.

To acquire in whole or in part the business, goodwill, rights, property and assets of all kinds of any corporation, association, partnership, combination, organization, entity or individual, domestic or foreign; and to pay for the same in cash, stocks, bonds, notes,

SCOEPA00001308

debentures or other securities or obligations of the corporation or otherwise; and to hold, possess and improve such properties and to conduct in any legal manner the whole or any part of the business so acquired; and to pledge, mortgage, sell or otherwise dispose of the same, provided such business shall be the same or of a similar nature to that which the corporation is authorized to conduct.

To undertake, contract for or carry on any business or operation permitted under the laws of the State of New York, provided such business shall be the same or of a similar nature to that which the corporation is authorized to conduct.

To undertake, contract for or carry on any business incidental to or in aid of, or convenient or advantageous in pursuance of, any of the objects or purposes of the corporation.

To conduct its business in the State of New York and in other states, the District of Columbia, territories and colonies of the United States and its insular possessions and in foreign countries and to have one or more offices out of the State of New York.

Without restriction or limit as to amount, to purchase or otherwise acquire, hold, own, mortgage, sell, convey or otherwise dispose of real and personal property of every class and description in any of the states, districts, territories, colonies, or insular possessions of the United States, and in any and all foreign countries, subject always to the laws of such state, district, territory, colony, insular possession or foreign country.

SCOEPA00001309

To enter into, make, perform and carry out, or cancel and rescind, contracts for any lawful purpose appertaining to the business herein set forth, including but not limited to management contracts, with any person, partnership, association, combination, organization, entity, corporation, government, governmental subdivision or other body whatsoever.

In general, to do any or all of the things hereinbefore set forth, and such other things as are incidental or conducive to the attainment of the objects and purposes of the corporation, as principal, factor, agent, contractor or otherwise, either alone or in conjunction with any person, firm, association or corporation; and in carrying on its business and for the purpose of attaining or furthering any of its objects, to enter into, make, perform and carry out contracts with any person, partnership, association, combination, organization, entity, corporation, government, governmental subdivision, or other body whatsoever; and to do such acts and things, and to exercise any and all such powers to the same extent as a natural person might or could lawfully do to the extent now or hereafter allowed by law.

The foregoing clauses shall each be construed as purposes, objects and powers, and the matters expressed in each clause shall, except as otherwise expressly provided, be in no wise limited by reference to

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or inference from, terms of any other clause, but shall be regarded as independent purposes, objects and powers and the enumeration of specific purposes, objects and powers shall not be construed to limit or restrict in any manner the meaning of general terms or the general powers now or hereafter conferred by the laws of the State of New York, nor shall the expression of one thing be deemed to exclude another, although it be like nature, not expressed.

To have, in furtherance of the corporate purposes, all of the powers conferred upon corporations organized under the Business Corporation Law subject to any limitations thereof contained in this Certificate of Incorporation or in the laws of the State of New York.

THIRD: The office of the corporation is to be located in the City of New York, County of New York, State of New York.

FOURTH: The aggregate number of shares which the corporation shall have authority to issue is Five Hundred (500), all of which are of a par value of One Thousand ($1,000:00) dollars each, and all of which are of the same class.

FIFTH: The Secretary of State is designated as the agent of the corporation upon whom process against the corporation may be served. The post office address within the State of New York to which the Secretary of State shall mail a copy of any process against the corporation is: Ernest C. Steefel, Esq., 52 Wall Street, New York, N.Y., 10005.

SIXTH: The duration of the corporation is to be perpetual.

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SEVENTH: All corporate powers of the corporation shall be exercised by the Board of Directors except as otherwise provided by law. Directors need not be stockholders, and any directors at any time and for any reason whatsoever may be removed by the vote of that number of the holders of the shares of the capital stock issued and outstanding which shall be declared in the By-laws to constitute a quorum thereof.

The number of directors of the corporation shall be as fixed from time to time in the By-laws, but not less than three, and the number may be increased or decreased as may be provided in the By-laws. In case of any increase in the number of directors, the additional directors shall be elected by the Board of Directors as in the case of a vacancy.

EIGHTH: One-half of the entire Board of Directors shall constitute a quorum for the transaction of business or of any specified item of business.

NINTH: In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized:

(a) to make, alter, amend and repeal the By-laws of the corporation, subject to the power of the holders of the stock to alter, amend or repeal the By-laws made by the Board of Directors;

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(b) to designate by resolution passed by a majority of the whole Board two or more of their number to constitute an Executive Committee, who, to the extent provided in said resolution or in the By-laws of the corporation, shall have and exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, with power to authorize the seal of the corporation to be affixed to all papers which may require it;

(c) to determine conclusively at the time of such acquisition, what initial valuation shall be placed upon the property, rights, and interests acquired by the corporation in exchange for or in payment of its shares of stock without nominal or par value;

(d) to fix from time to time, and to vary, the amount of the profits to be reserved as working capital or for any other lawful purposes and to increase, decrease or make any disposition of any fund so reserved;

(e) subject to the provisions of this Certificate of Incorporation, to determine whether any, and if any what part, of the surplus of the corporation or of the net profits arising from its business shall be declared in dividends and paid to the stockholders and to direct and determine the use and disposition of any such surplus or net profits;

(f) to remove at any time any officer elected

SCOEPA00001313

or appointed by the Board of Directors, but only by the affirmative vote of a majority of the members of the Board then in office, and to remove or to confer on any committee or officer the power to remove any other officer or employee of the corporation. Any such removal may be for cause or without cause.

TENTH: In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by the corporation, subject, nevertheless, to the express provisions of the laws of the State of New York, of this Certificate of Incorporation and of the By-laws of the corporation.

ELEVENTH: Any contract, transaction or act of the corporation or of the directors, which shall be ratified by a majority of a quorum of the stockholders having voting power at any annual meeting, or at any special meeting called for such purpose, shall except as otherwise specifically provided by law or by this Certificate of Incorporation, be as valid and as binding as though ratified by every stockholder of the corporation; provided, however, that any failure of the stockholders to approve or ratify such contract, transaction or act, when and if submitted, shall not of itself be

SCOEPA00001314

deemed in any way to render the same invalid, nor deprive the directors of their right to proceed with such contract, transaction or act.

The corporation reserves the right to amend, alter, change, or repeal any provisions contained in this Certificate of Incorporation in the manner now or hereafter prescribed by statute, and all rights conferred upon the stockholders herein are granted subject to this reservation.

TWELFTH: Except as may otherwise be specifically provided in this Certificate of Incorporation, no provision of this Certificate of Incorporation is intended by the corporation to be construed as limiting, prohibiting, denying, or abrogating any of the general or specific powers or rights conferred under the Business Corporation Law upon the corporation, upon its shareholders, bondholders, and security holders, and upon its directors, officers, and other corporate personnel, including, in particular, the power of the corporation to furnish indemnification to directors and officers in the capacities defined and prescribed by the Business Corporation Law and the defined and prescribed rights of said persons to indemnification as the same are conferred by the Business Corporation Law.

Howard H. Bachrach
200 Park Avenue
New York, N.Y., 10017

Dated, New York, July 22, 1965

SCOEPA00001315

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the date hereinafter set forth, before me came Howard H. Bachrach, to me known to be the individual who is described in, and who signed the foregoing Certificate of Incorporation, and he acknowledged to me that he signed the same.

John V. Borgese
Notary Public

Dated,
New York, July 22, 1965

JOHN V. BORGESE
NOTARY PUBLIC, State of New York
No. 41-0357960
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1967

SCOEPA00001316

P-44

CERTIFICATE OF RESERVATION 2344

STATE OF NEW YORK }
DEPARTMENT OF STATE } ss.:

I DO HEREBY CERTIFY, That the name

WACKER CHEMICAL CORPORATION,

for a corporation has been reserved for the use of

HOWARD H. BACHRACH, ESQ.,

for a period of sixty days from the date hereof, for the creation of a domestic corporation.

Given under my hand and the official seal of the Department of State at the City of Albany, this nineteenth day of July, 1965.

John P. Lomenzo

Secretary of State

Certificate of reservation must accompany Certificate of Incorporation or Application of Authority when presented for filing.

CD-530(11/64)

19

SCOEPA00001317

Im reserved 7/19/65

508693

7/23

Tax $250.00

CERTIFICATE of INCORPORATION

OF

WACKER CHEMICAL CORPORATION

Under Section 402 of the
Business Corporation Law

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED JUL 23 1965
TAX $ 250
FILING FEE $ 50

John P. Lomenzo
Secretary of State

By HB
P-31 NY

509679 -20

20

Howard H. Bachrach, Esq
Suite 3121
200 Park Avenue
New York, N. Y. 10017

western union **Telegram**

Received 4/27.79 AM

T I B383(1529)(1-015921A116)PD 04/26/79 1514
ICS IPMNQNA NYK
288
ICS IPMDC31
/1-014241A116 04/26/79
TWX DIV CORP DOVR
15 COLLECT DOVER DE 4-26-79 2:30 PM
PMS WALTER, CONSTON, SCHURTMAN & GUMPEL
ATTN KARIN SANDLER
280 PARK AVENUE
HAND DELIVER (PHONE 212-682-2323)
NEW YORK, NY 10017

WACKER SILTRONIC CORPORATION IS A DELAWARE CORPPRATION IN GOOD STANDING AS OF APRIL 26, 1979.
GLENN C KENTON SECY OF ST OF DELAWARE

F-1201 (R5-69)

SCOEPA00001319

State of DELAWARE

Office of SECRETARY OF STATE

I, Glenn C. Kenton *Secretary of State of the State of Delaware,*

hereby certify that the Certificate of Incorporation of the "WACKER SILTRONIC
PORATION", was received and filed in this office the thirteenth day of April, A.D.
, at 10 o'clock A.M.

And I do hereby further certify that the aforesaid Certificate of Incorporation
the only paper of record, the Corporation in question not having filed an
dment nor having made any change whatever in the origial Certificate as filed.

And I do hereby further certify that the aforesaid Corporation is duly
rporated under the laws of the State of Delaware and is in good standing and
a legal corporate existence not having been cancelled or dissolved so far as
records of this office show and is duly authorized to transact business.

In Testimony Whereof, *I have hereunto set my hand and official seal at Dover this* twenty-fifth *day of* April *in the year of our Lord one thousand nine hundred and* seventy-nine.

Glenn C. Kenton

Secretary of State

Assistant Secretary of State

ORM 122

SCOEPA00001320

4/30.

Department of Commerce
CORPORATION DIVISION
COMMERCE BUILDING, SALEM, OREGON 97310 PHONE 378-4166

April 25, 1979
File # F-15267

Ms. Karin Sandler
Legal Assistant
Walter, Conston, Schurtman & Gumpel, P.C.
280 Park Avenue
New York, NY 10017

Re: WACKER SILTRONIC CORPORATION

As requested, we are enclosing herewith:

1 Certificate(s) of Good Standing

_____ Copy(ies) of Articles of Incorporation and all amendments(if any)

_____ Certified copy(ies) of Articles of Incorporation and all amendments(if any)

_____ Copy(ies) of Assumed Business Name Registration

_____ Certified copy(ies) of Assumed Business Name Registration

1 Certified copy of Authority

_____ Please return this letter with your remittance of $_____, covering the fee for the above service.

xxx Your remittance of $5.00, covering the fee for this service is acknowledge.

Very truly yours,

Frank J. Healy

Frank J. Healy
CORPORATION COMMISSIONER

Enc.

C/ABN-100

6-78

SCOEPA00001321

State of Oregon

Department of Commerce
Corporation Division

I, **Frank J. Healy**, *Corporation Commissioner and Custodian of the Seal of the Corporation Division of the Department of Commerce of the State of Oregon, DO HEREBY CERTIFY:*

That WACKER SILTRONIC CORPORATION, *a corporation organized and formed under and by virtue of the laws of the State of* Delaware, *qualified to transact business in this state on the* 3rd. *day of* July, 19 78, *and is at the date of this certificate duly authorized to transact business within this state as a foreign corporation and is in good standing, having filed all reports and made all payments to this Department that are required by the Laws of this State.,* and that there has been no Amendments filed in this office to the Certificate of Authority.

In Testimony Whereof, *I have hereunto set my hand and affixed hereto the seal of the Corporation Division of the Department of Commerce of the State of Oregon this* 25th *day of* April, 19 79.

DEPARTMENT OF COMMERCE
STATE OF OREGON
CORPORATION DIVISION

Frank J. Healy
Corporation Commissioner

By Nellie Zitek

C-51
12-74

SCOEPA00001322

State of Oregon

Department of Commerce

Corporation Division

I, **Frank J. Healy**, Corporation Commissioner and Custodian of the Seal of the Corporation Division of the Department of Commerce of the State of Oregon, do hereby certify that I have carefully compared the annexed copy of the Certificate of Authority of WACKER SILTRONIC CORPORATION,

with the record now on file in my office, and that the same is a correct transcript therefrom, and of the whole thereof. I further certify that this authentication is in due form and by the proper officer.

In Testimony Whereof, I have hereunto set my hand and affixed hereto the seal of the Corporation Division of the Department of Commerce of the State of Oregon this day of , 19 .

DEPARTMENT OF COMMERCE
STATE OF OREGON
CORPORATION DIVISION

Frank J. Healy
Corporation Commissioner

By Nellie Titch

C-52
7-73

SCOEPA00001323

State of Oregon

Department of Commerce
Corporation Division

Certificate of Authority

OF

WACKER SILTRONIC CORPORATION

The undersigned, *as Corporation Commissioner of the State of Oregon, hereby certifies that duplicate originals of an Application for a Certificate of Authority to transact business in this State, duly signed and verified pursuant to the provisions of the Oregon Business Corporation Act, have been received in this office and found to conform to law.*

Accordingly, *the undersigned, as such Corporation Commissioner, and by virtue of the authority vested in him by law, hereby issues this Certificate of Authority to the corporation named above to transact business in this State under the name of*

WACKER SILTRONIC CORPORATION

....., *and attaches hereto a duplicate original of the Application for such Certificate.*

In Testimony Whereof, *I have hereunto set my hand and affixed hereto the seal of the Corporation Division of the Department of Commerce of the State of Oregon this* 3rd *day of* July , 1978 .

DEPARTMENT OF COMMERCE · STATE OF OREGON · CORPORATION DIVISION

Frank J. Healy
Corporation Commissioner

By .....

SCOEPA00001324

CERTIFICATE OF INCORPORATION

OF

WACKER SILTRONIC CORPORATION

THE UNDERSIGNED, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the General Corporation Law of the State of Delaware, does hereby certify as follows:

FIRST: The name of the corporation is

WACKER SILTRONIC CORPORATION.

SECOND: The address of its registered office in the State of Delaware is 100 West 10th Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the corporation is production and distribution of advanced materials for manufacturing industries and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of stock which the corporation shall have authority to issue is ten thousand (10,000), without par value.

FIFTH: The duration of the corporation shall be perpetual.

SIXTH: The name and mailing address of the incorporator is:

Ernest C. Stiefel
200 Park Avenue
New York, New York 10017

SEVENTH: In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

To make, alter or repeal the by-laws of the corporation.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation. Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.

NINTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 12th day of April, 1978

Ernest C. Stiefel

SCOEPA00001327

State of DELAWARE

Office of SECRETARY OF STATE

I, Glenn C. Kenton *Secretary of State of the State of Delaware, hereby certify that the above and foregoing is a true and correct copy of*

rtificate of Incorporation of the "WACKER SILTRONIC CORPORATION", as received and

led in this office the thirteenth day of April, A.D. 1978, at 10 o'clock A.M.

In Testimony Whereof, *I have hereunto set my hand and official seal at Dover this* twenty-fifth *day of* April *in the year of our Lord one thousand nine hundred and* seventy-nine.

Glenn C. Kenton

Glenn C. Kenton, Secretary of State

O. Evans Denney

O. Evans Denney, Assistant Secretary of State

SCOEPA00001328

State of New York
Department of State } ss.:

18429

I hereby certify that I have compared the annexed copy with the original document filed by the Department of State and that the same is a correct transcript of said original.

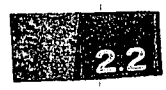
Witness my hand and seal of the Department of State on APR [illegible]

Basil A. Paterson

Secretary of State

G020-504 (12/78)

SCOEPA00001329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CERTIFICATE

1. I am the duly elected, qualified and acting Secretary of Wacker Siltronic Corporation, a Delaware corporation ("Siltronic").

2. The persons named below are, and have been at all times since January 1, 1979, duly qualified and acting officers of Siltronic, duly elected or appointed to the offices set opposite their respective names and the signatures appearing opposite their respective names are their true signatures:

NAME	OFFICE	SIGNATURE
Dr. Werner Freiesleben	President	
Dr. Hans Herrmann	Vice President	H. Herrmann

3. Attached hereto marked Exhibit A is a true, correct and complete copy of the Articles of Incorporation, as amended, of Siltronic as in effect on the date hereof.

4. Attached hereto marked Exhibit B is a true, correct and complete copy of the Bylaws, as amended, of Siltronic as in effect on the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Siltronic this 26 day of April, 1979.

Ernst Stiefel

[Corporate Seal]

The undersigned, of Siltronic, does hereby certify that Ernst Stiefel is now, and at all times since January 1, 1979 has been, the duly elected and acting Secretary of Siltronic, and that the signature set forth above is his genuine signature.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and affixed the corporate seal of Siltronic this 26 day of April, 1979.

H. Herrmann

[Corporate Seal]

REC P 126 PAGE 750

CERTIFICATE OF INCORPORATION

OF

WACKER SILTRONIC CORPORATION

THE UNDERSIGNED, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the General Corporation Law of the State of Delaware, does hereby certify as follows:

FIRST: The name of the corporation is

WACKER SILTRONIC CORPORATION.

SECOND: The address of its registered office in the State of Delaware is 100 West 10th Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the corporation is production and distribution of advanced materials for manufacturing industries and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of stock which the corporation shall have authority to issue is ten thousand (10,000), without par value.

SCOEPA00001332

REC'D 126 PAGE 751

FIFTH: The duration of the corporation shall be perpetual.

SIXTH: The name and mailing address of the incorporator is:

Ernest C. Stiefel
200 Park Avenue
New York, New York 10017

SEVENTH: In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

To make, alter or repeal the by-laws of the corporation.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation. Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.

NINTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

REC'P 126 PAGE 752

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 12th day of April, 1978

Ernest C. Stiefel

SCOEPA00001334

REC'D 126 PAGE 753

State of DELAWARE

Office of SECRETARY OF STATE

I, Glenn C. Kenton *Secretary of State of the State of Delaware, hereby certify that the above and foregoing is a true and correct copy of* ificate of Incorporation of the "WACKER SILTRONIC CORPORATION", as received iled in this office the thirteenth day of April, A.D. 1978, at 10 o'clock

In Testimony Whereof, *I have hereunto set my hand and official seal at Dover this* thirteenth *day of* April *in the year of our Lord one thousand nine hundred and* seventy-eight.

Glenn C. Kenton

Glenn C. Kenton, Secretary of State

Assistant Secretary of State

APR 13 1978

SCOEPA00001335

PLEASE RETURN TO
THE CORPORATION TRUST COMPANY

Certified Copy

CERTIFICATE OF INCORPORATION

OF

WACKER SILTRONIC CORPORATION

RECEIVED FOR RECORD

APR 13 1978

LEO J. DUGAN, Jr., Recorder

FILED

APR 13 1978 10 A.M.

SECRETARY OF STATE

SCOEPA00001336

BY - LAWS

OF

WACKER SILTRONIC CORPORATION

(a Delaware Corporation)

* * * * * * * * * * * * *

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office shall be established and maintained at No. 100 West Tenth Street, Wilmington, Delaware. The Corporation Trust Company shall be the registered agent of this corporation in charge thereof.

Section 2. Other Offices. The corporation may have other offices, either within or without the State of Delaware, at such place or places as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Annual Meetings. Annual Meetings of stockholders for the election of directors shall be held at such place, either within or without the State of

SCOEPA00001337

Delaware, and at such time and date as the Board of Directors, by resolution, shall determine and as set forth in the notice of the meeting.

Section 2. Other Meetings. Meetings of stockholders for any purpose other than the election of directors may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting.

Section 3. Voting. Each stockholder entitled to vote in accordance with the terms of the Certificate of Incorporation and in accordance with the provisions of these By-Laws shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such stockholder, but no proxy shall be voted after three years from its date unless such proxy provides for a longer period. Upon the demand of any stockholder, the vote for directors and the vote upon any question before the meeting, shall be by ballot. All elections for directors shall be decided by plurality vote; all other questions shall be decided by majority vote except as otherwise provided by the Certificate of Incorporation or the laws of the State of Delaware.

A complete list of the stockholders entitled to vote at the ensuing election, arranged in alphabetical order, with the address of each, and the number of shares held by each, shall be open to the examination of any stockholder,

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entitled to vote at the meeting as originally noticed shall be entitled to vote at any adjournment or adjournments thereof.

Section 5. Special Meetings. Special Meetings of the stockholders for any purpose or purposes may be called by the President or by resolution of the directors.

Section 6. Notice of Meetings. Written notice, stating the place, date and time of the meeting, and the general nature of the business to be considered, shall be given to each stockholder entitled to vote thereat at his address as it appears on the records of the corporation, not less than ten nor more than fifty days before the date of the meeting. No business other than that stated in the notice shall be transacted at any meeting without the unanimous consent of all the stockholders entitled to vote thereat.

Section 7. Action Without Meeting. Unless otherwise provided by the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

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ARTICLE III

DIRECTORS

Section 1. Number and Term. The number of directors shall be not less than three and not more than seven. The directors shall be elected at the annual meeting of the stockholders and each director shall be elected to serve until his successor shall be elected and qualified. Directors need not be stockholders.

Section 2. Removal. Any director or directors may be removed either for or without cause at any time be the affirmative vote of the holders of a majority of all the shares of stock outstanding and entitled to vote, at a special meeting of the stockholders called for the purpose, and the vacancies thus created may be filled, at the meeting held for the purpose of removal, by the affirmative vote of a majority in interest of the stockholders entitled to vote.

Section 3. Powers. The Board of Directors shall exercise all of the powers of the corporation except such as are by law or by the Certificate of Incorporation of the corporation or by these By-Laws conferred upon or reserved to the stockholders.

Section 4. Reservation to the Stockholders. The following actions are reserved to the previous consent of the stockholders:

(i) Entering into loan or credit transactions involving amounts exceeding one million dollars in each case;

SCOEPA00001340

(ii) Acquisition or disposition of participations in other enterprises;

(iii) Establishment or termination of branch offices and representations of other enterprises;

(iv) Acquisition, sale, mortgaging, leasing and other dispositions of real estate.

Section 5. Committees. The Board of Directors may, by resolution or resolutions passed by a majority of the whole board, designate one or more committees, each committee to consist of two or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee or committees. The member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the

SCOEPA00001341

resolution of the Board of Directors, or in these By-Laws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority to amend the Certificate of Incorporation, to adopt an agreement of merger or consolidation, to recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, to recommend to the stockholders a dissolution of the corporation or a revocation of a dissolution, or to amend the By-Laws of the corporation; and, unless the resolution, these By-Laws, or the Certificate of Incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

Section 6. Meetings. The newly elected directors may hold their first meeting for the purpose of organization and the transaction of business, if a quorum be present, immediately after the annual meeting of the stockholders; or the time and place of such meeting may be fixed by consent in writing of all the directors.

Regular meetings of the directors may be held without notice at such places and times as shall be determined

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from time to time by resolution of the directors.

Special meetings of the board may be called by the President or by the Secretary on the written request of any two directors on at least two days' notice to each director and shall be held at such place or places as may be determined by the directors, or as shall be stated in the call of the meeting.

Section 7. Quorum. A majority of the total number of directors shall constitute a quorum for the transaction of business. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at the meeting which shall be so adjourned.

Section 8. Compensation. Directors shall not receive any stated salary for their services as directors or as members of committees, but by resolution of the Board of Directors a fixed fee and expenses of attendance may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

Section 9. Action Without Meeting. Any action

SCOEPA00001343

required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the Board of Directors, or of such committee as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee.

Section 10. Participation by Conference Telephone. Members of the board of directors of the corporation, or any committee designated by such board, may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting shall constitute presence in person at such meeting.

ARTICLE IV

OFFICERS

Section 1. Officers. The officers of the corporation shall be a President, a Treasurer, and a Secretary, all of whom shall be elected by the Board of Directors and who shall hold office until their successors are elected and qualified. In addition, the Board of Directors may elect a Chairman, one or more Vice Presidents and such Assistant Secretaries and

SCOEPA00001344

Assistant Treasurers as they may deem proper. None of the officers of the corporation need be directors. The officers shall be elected at the first meeting of the Board of Directors after each annual meeting. More than two offices may be held by the same person.

Section 2. Other Officers and Agents. The Board of Directors may appoint such other officers and agents as it may deem advisable, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 3. Chairman. The Chairman of the Board of Directors, if one be elected, shall preside at all meetings of the Board of Directors and he shall have and perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 4. President. The President shall be the chief executive officer of the corporation and shall have the general powers and duties of supervision and management usually vested in the office of president of a corporation. He shall have general supervision and direction of

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the business of the corporation. Except as the Board of Directors shall authorize the execution thereof in some other manner, he shall execute bonds, mortgages and other contracts in behalf of the corporation, and shall cause the seal to be affixed to any instrument requiring it and when so affixed the seal shall be attested by the signature of the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer.

Section 5. Vice President. Each Vice President shall have such powers and shall perform such duties as shall be assigned to him by the directors.

Section 6. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the corporation. He shall deposit all moneys and other valuables in the name and to the credit of the corporation in such depositaries as may be designated by the Board of Directors.

The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, or the President, taking proper vouchers for such disbursements. He shall render to the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may request it, an account of all his transactions as

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Treasurer and of the financial condition of the corporation. If required by the Board of Directors, he shall give the corporation a bond for the faithful discharge of his duties in such amount and with such surety as the Board of Directors shall prescribe.

Section 7. Secretary. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and directors, and all other notices required by law or by these By-Laws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the President, or by the directors, or stockholders, upon whose requisition the meeting is called as provided in these By-Laws. He shall record all the proceedings of the meetings of the corporation and of the directors in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him by the directors or the President. He shall have the custody of the seal of the corporation and shall affix the same to all instruments requiring it, when authorized by the directors or the President, and attest the same.

Section 8. Assistant Treasurers and Assistant Secretaries. Assistant Treasurers and Assistant Secretaries, if any, shall be elected and shall have such powers and shall perform such duties as shall be assigned to them, respectively,

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by the directors.

ARTICLE V

MISCELLANEOUS

Section 1. Resignations. Any director, member of a committee or corporate officer may, provided the same would not result in a breach of any contract to which said person is a party, resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

Section 2. Vacancies. If the office of any director, member of a committee or corporate officer becomes vacant, by reason of death, disability or otherwise, the remaining directors in office, though less than a quorum, by a majority vote may appoint any qualified person to fill such vacancy, who shall hold office for the unexpired term and until his successor shall be duly chosen.

Section 3. Certificates of Stock. Certificates of stock, signed by the Chairman of the Board of Directors, or the President or any Vice President, and the Treasurer or an Assistant Treasurer, or Secretary or an Assistant Secretary, shall be issued to each stockholder certifying the number of

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shares owned by him in the corporation. When such certificates are countersigned (1) by a transfer agent other than the corporation or its employee, or (2) by a registrar other than the corporation or its employee, the signatures of such officers may be facsimiles.

Section 4. Lost Certificates. A new certificate of stock may be issued in the place of any certificate theretofore issued by the corporation, alleged to have been lost or destroyed, and the directors may, in their discretion, require the owner of the lost or destroyed certificate, or his legal representatives, to give the corporation a bond, in such sum as they may direct, not exceeding double the value of the stock represented by such certificate, to indemnify the corporation against any claim that may be made against it on account of the alleged loss of any such certificate, or the issuance of any such new certificate.

Section 5. Transfer of Shares. The shares of stock of the corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and upon such transfer the old certificates shall be surrendered to the corporation by the delivery thereof to the person in charge of the stock transfer books and ledgers, or to such other person as the directors may designate, by whom they shall be cancelled,

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and new certificates shall thereupon be issued. A record shall be made of each transfer and whenver a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

Section 6. Dividends. Subject to the provisions of the Certificate of Incorporation, the Board of Directors may, out of funds legally available therefor at any regular or special meeting, declare dividends upon the capital stock of the corporation as and when they deem expedient. Before declaring any dividend there may be set apart of of any funds of the corporation available for dividends, such sum or sums as the directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the directors shall deem conducive to the interests of the corporation.

Section 7. Seal. The corporate seal shall be circular in form and shall contain the name of the corporation, the year of its creation and the words "CORPORATE SEAL DELAWARE". Said Seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

Section 8. Fiscal Year. The fiscal year of the corporation shall be determined by resolution of the Board of Directors. In the absence of such determination, the fiscal year shall be the calendar year.

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Section 9. Checks. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation, and in such manner as shall be determined from time to time by resolution of the Board of Directors.

Section 10. Notice and Waiver of Notice. Whenever any notice is required by these By-Laws to be given, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if given by depositing the smae in the United States mail, postage prepaid, addressed to the person entitled thereto at his address as it appears on the records of the corporation, and such notice shall be deemed to have been given on the day of such mailing. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise provided by statute.

Whenever any notice whatever is required to be given under the provisions of any law, or under the provisions of the Certificate of Incorporation of the corporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VI

INDEMNIFICATION

To the full extent permitted by law, the corporation may indemnify any person or his heirs, distributees,

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next of kin, successors, appointees, executors, administrators, legal representatives and assigns who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, domestic or foreign, against expenses, attorneys' fees, court costs, judgments, fines, amounts paid in settlement and other losses actually and reasonably incurred by him in connection with such action, suit or proceeding.

ARTICLE VII

AMENDMENTS

These By-Laws may be altered or repealed and By-Laws may be made at any annual meeting of the stockholders or at any special meeting thereof by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote thereat.

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SECRETARY'S CERTIFICATE RE RESOLUTIONS

I, Dr. Ernst Stiefel, Secretary of Wacker Siltronic Corporation, a corporation organized and existing under the laws of the State of Delaware, do hereby certify that the foregoing is a full, true and correct copy of an extract of resolutions duly adopted by the Board of Directors and Shareholder of said Corporation on the 17th day of April, 1979.

I do further certify that said resolutions have not been rescinded, annulled or revoked and that the same are in full force and effect.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the corporate seal of said Corporation this 26 day of April, 1979.

Secretary
Wacker Siltronic Corporation

RESOLVED, that the terms and conditions of the Installment Sale Agreement ("IRB Sale Agreement") between the Port of Portland, Oregon, and the Corporation, dated as of April 15, 1979 relating to certain industrial development facilities at the Corporation's plant in Portland, Oregon, to be financed by the issuance and sale by the Port of Portland of $1,000,000 principal amount of Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) ("1979 IRB Series Bonds") in the form attached hereto as Exhibit A are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Installment Sale Agreement ("PC Sale Agreement") between the Port of Portland, Oregon, and the Corporation, dated as of April 15, 1979, relating to certain air and water pollution control facilities at the Corporation's plant in Portland, Oregon, to be financed by the issuance and sale by the Port of Portland, Oregon, of $3,430,000 principal amount of its Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) ("1979 PC Series Bonds") in the form attached hereto as Exhibit B are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of Ordinance No.246 dated March 14, 1979 by the Port of Portland, Oregon, in connection with the 1979 IRB Series Bonds in the form attached hereto as Exhibit C are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of Ordinance No.245 dated March 14, 1979 by the Port of Portland, Oregon, in connection with the 1979 PC Series Bonds, in the form attached hereto as Exhibit D are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Letter of Indemnity from the Corporation to the Port of Portland, Oregon, ABD Securities Corporation and Europartners Securities Corporation in the form attached hereto as Exhibit E ("Letter of Indemnity") are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Memorandum of Agreement between the Port of Portland and the Corporation dated May 14, 1978 in the form attached hereto as Exhibit F are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Bargain and Sale Deed ("Deed") given by the Corporation to the Port of Portland in the form attached hereto as Exhibit G are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Bill of Sale given by the Corporation to the Port of Portland in the form attached hereto as Exhibit H are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Bond Purchase Agreement between the Port of Portland, the First National Bank of Oregon, Commerzbank, New York, and Dresdner Bank, New York, in the form attached hereto as Exhibit I are hereby ratified and approved.

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FURTHER RESOLVED, that any of the proper officers of the Corporation or Dr.Hans Herrmann are authorized to execute and deliver the Memorandum of Agreement, IRB Sale Agreement, PC Sale Agreement, Letter of Indemnity, Bill of Sale and Deed and any other certificates, agreements, documents or instruments in connection therewith.

FURTHER RESOLVED, that the above persons are authorized to make any amendments or modifications of the above-mentioned documents which they deem necessary or desirable, a determination which shall be conclusively evidenced by their execution and delivery of such amended or modified documents.

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LETTER OF INDEMNITY

The Port of Portland
P.O. Box 3529
Portland, Oregon 97208

ABD Securities Corporation
One Battery Park Plaza
New York, New York 10004

EuroPartners Securities
Corporation
One World Trade Center
Suite 3411
New York, New York 10048

Re: LETTER OF INDEMNITY

Dear Sirs:

This Letter of Indemnity is executed and delivered by the undersigned, Wacker Siltronic Corporation (the "Company"), Wacker Chemie GmbH ("Wacker") and Wacker Chemical Corporation (the "Guarantor"), in order to induce the The Port of Portland (the "Port") to issue $3,430,000 aggregate principal amount of the Port's Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) and the Port's $1,000,000 Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (collectively, the "Bonds") to be issued pursuant to two separate Ordinances enacted by the Port on March 14, 1979 (separately, the "Ordinance"), and in order to induce ABD Securities Corporation and EuroPartners Securities Corporation (the "Placement Agents") and the Port to enter into an Agency Agreement, dated as of the date hereof (the "Agency Agreement"), relating to the private placement of the Bonds by the Placement Agents on behalf of and as agents for the Port. The proceeds of the Bonds are to be used to acquire certain pollution control and industrial development facilities to be sold by the Port to the Company pursuant to two separate Installment Sale Agreements, dated as of April 15, 1979, made and entered into by and between the Port, as vendor, and the Company, as vendee (separately, the "Sale Agreement"). All payments to be made by the Port under the Ordinance, including all payments of principal of and interest on the Bonds are to be guaranteed by the Guarantor pursuant to two separate Guarantee Agreements, dated as of April 15, 1979, made and entered into by and between the Guarantor and First National Bank of Oregon, as Trustee (separately, the "Guarantee"). It is anticipated that the Bonds will be sold to certain institutional purchasers (the "Original Purchasers") pursuant to two separate Bond Purchase Agreements, dated as of the date hereof (separately, the "Bond Purchase Agreement"),

entered into by and between each Original Purchasers and the Placement Agents on behalf of and as agents for the Port.

In consideration of the foregoing, the Company, Wacker and the Guarantor hereby represent, warrant and covenant to and with you as follows:

1. **Representations and Warranties of the Company, Wacker and the Guarantor.** The Company, Wacker and the Guarantor represent and warrant to and agree with the Placement Agents and the Port that:

(a) The Company, Wacker and the Guarantor have prepared and furnished to the Placement Agents certain financial information and data concerning Wacker and the Guarantor, attached hereto as Exhibits A and B (the "Financial Statements"). When this Letter of Indemnity becomes effective and at all times subsequent thereto up to and at the (delivery of the Bonds), neither the Financial Statements nor any amendment or supplement to the Financial Statements will include any untrue statement of a material fact or omit to state any material fact which should be included therein for the purpose for which it is to be used or which is necessary to make the statements and information therein not misleading. Such Financial Statements present fairly the financial condition of Wacker and the Guarantor at the times and the results of their operations for the periods indicated and such financial statements, except for Wacker's financial statements, have been prepared in conformity with generally accepted accounting principles applied on a consistent basis. The Company, Wacker and the Guarantor hereby consent to the use by the Placement Agents and the Port of the Financial Statements. The Company, Wacker and the Guarantor agree to advise you promptly of any events materially affecting it occurring prior to the delivery of and payment for the Bonds, and to supply such information as may reasonably be requested by you with respect thereto for the purpose of making the information in the Financial Statements not misleading in any material respect.

(b) The Company has been duly organized and is validly existing and in good standing under the laws of the State of Delaware; the Guarantor has been duly organized and is validly existing and is good standing under the laws of the State of New York; the Company has corporate power to execute and deliver, and perform its obligations under the Sale Agreement and this Letter of Indemnity; the Guarantor has corporate power to execute and deliver, and perform its obligations under the Guarantee and this Letter of Indemnity; Wacker has corporate power to execute and deliver and perform its obligations under this Letter of

Indemnity; and the Company is duly qualified to do business and is in good standing in the State of Oregon.

(c) The execution and delivery of the Sale Agreement, this Letter of Indemnity, the Guarantee and the fulfillment of their terms and provisions by the Company, Wacker and the Guarantor, to the extent applicable to such parties, does not and will not (i) conflict with, violate or result in a breach of any law, administrative regulation or court decree applicable to the Company, Wacker or the Guarantor, (ii) conflict with or result in a breach of or constitute a default under the Certificate of Incorporation or by-laws of the Company, Wacker or the Guarantor or any indenture, mortgage, deed of trust, agreement or other instrument to which the Company, Wacker or the Guarantor is a party or by which any of its property is bound or any order, rule or regulation applicable to the Company, Wacker or the Guarantor of any court or other governmental body, or (iii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Company, Wacker or the Guarantor pursuant to the terms of any such indenture, mortgage, deed of trust or other instrument. The Company, Wacker and the Guarantor have taken all corporate action necessary for the authorization, execution and delivery of the Sale Agreement, the Guarantee and this Letter of Indemnity, and when executed and delivered the Sale Agreement, the Guarantee and this Letter of Indemnity will constitute valid and legally binding obligations of the Company, Wacker and the Guarantor, to the extent applicable to such parties, in accordance with their terms (subject to bankruptcy and other laws affecting enforcement of creditors' rights generally).

(d) At or prior to the date of delivery of the Bonds neither the Company, Wacker nor the Guarantor nor any of their subsidiaries have incurred or will have incurred any liabilities or obligations, direct or contingent, or entered into any transactions, not in the ordinary course of business, which are material to the Company, Wacker or the Guarantor and their subsidiaries, taken as a whole, and there has not been and will not have been, on a consolidated basis, any abnormal material change in the short-term debt or any material change in the long-term debt of the Company, Wacker or the Guarantor or their subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or other), net worth or results of operations of the Company, Wacker or the Guarantor and their affiliates, taken as a whole.

(e) There are no lawsuits or indictments pending by governmental authorities or others to which the Company, Wacker or the Guarantor is a party or of which any, Wacker property of the Company or the Guarantor are subject or other than ordinary routine litigation incident to the kind of business conducted by the Company, Wacker or the Guarantor which, if determined adversely to the Company, Wacker or the Guarantor would individually or in the aggregate have a material adverse effect on the financial position or results of operation by the Company, Wacker or the Guarantor.

2. **Covenants of the Company, Wacker and the Guarantor.** In further consideration of the agreements by the Placement Agents and the Port herein contained, the Company, Wacker and the Guarantor covenant and agree with the Placement Agents and the Port as follows:

(a) As soon as the Company, Wacker and the Guarantor are advised thereof, to advise the Placement Agents and the Port and to confirm the advice in writing, of the institution by any governmental agency or otherwise of any proceeding affecting the use of the Financial Statements or the offering of the Bonds, or proceeds thereof, or the Sale Agreement, the Guarantee, the Ordinance, the Bond Purchase Agreement or this Letter of Indemnity, or of the initiation, or threat of initiation, of any proceedings for such purpose.

(b) Except as otherwise provided in the Bond Purchase Agreement, the Company and the Guarantor agree to pay all costs and expenses of the kind referred to therein and in the Memorandum of Agreement dated May 24, 1978 between the Port, the Company and the Guarantor.

(c) During the period that the Bonds are outstanding the Company and the Guarantor will deliver to the Port and the Trustee, as soon as practicable after the close of every fiscal year, a balance sheet of the Company and a balance sheet of the Guarantor setting forth their respective financial condition as of the end of such fiscal year, together with statements of income and retained earnings for such fiscal year, all in reasonable detail, and certified by independent public accountants. So long as the Company or the Guarantor has subsidiaries, such financial statements will be on a consolidated basis to the extent the accounts of the Company or the Guarantor and its subsidiaries are consolidated. In no event shall the Company or the Guarantor be under any obligation to furnish financial information to any other person, firm or corporation whatsoever except for the Trustee named in the

Ordinance, or supplement thereto, and except as otherwise provided in this Letter of Indemnity.

(d) The Company and the Guarantor agree not to take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Ordinance, the Guarantee and the Sale Agreement, and not to take or omit to take any action which would in any way cause the Bonds to be disqualified under the exemption or cause the Bonds to become arbitrage bonds as provided in 103(b) and 103(c), respectively, of the Internal Revenue Code of 1954, as amended, and the regulations thereunder.

(e) The Company and the Guarantor agree to pay the costs and expenses of the Port and the Trustee, as provided in the Ordinance, including specifically the costs of printing coupon Bonds, in the event registered Bonds are exchanged for coupon Bonds.

3. **Indemnification.**

(a) The Company, Wacker and the Guarantor will indemnify and hold harmless, jointly and severally, each Placement Agent and each person, if any, who controls any Placement Agent within the meaning of the Securities Act of 1933, as amended (the "Act"; the Act and the Securities Exchange Act of 1934, as amended, being herein called the "Acts") and the Port, its Commissioners, officers and employees against any losses, claims, damages or liabilities, joint or several, to which any Placement Agent, such controlling person or the Port, its Commissioners, officers and employees may become subject, under the Acts or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Financial Statements or any amendment or supplement thereto pertaining to such Financial Statements, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading; and will reimburse each Placement Agent, each such controlling person and the Port, its Commissioners, officers and employees for any legal or other expenses reasonably incurred by any Placement Agent, such controlling person or the Port, its Commissioners, officers and employees in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company, Wacker and the Guarantor will not be liable to any Placement Agent in any such case to the extent that any such loss, claim, damage or liability

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arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any of such material in reliance upon and in conformity with written information furnished to the Company, Wacker and the Guarantor by any Placement Agent specifically for use therein. This indemnity agreement will be in addition to any liability which the Company, Wacker or the Guarantor may otherwise have.

(b) The Placement Agents will indemnify and hold harmless, jointly and severally, the Port, its Commissioners, officers and employees, the Company, Wacker the Guarantor and each person, if any, who controls the Company or the Guarantor within the meaning of the Act against any losses, claims, damages or liabilities, joint or several, to which the Port, its Commissioners, officers and employees, the Company, Wacker the Guarantor or any such controlling person may become subject, under the Acts or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue or alleged untrue statement of any material fact contained in the Financial Statements or other material utilized by the Placement Agents for the purpose of offering the Bonds for sale, or any amendment or supplement thereto, or arises out of or are based upon the omission or the alleged omission to state therein a material fact necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any such material in reliance upon and in conformity with written information furnished by any Placement Agent for such use without the consent of the Company, Wacker or the Guarantor or the Port; and will reimburse the Port, its Commissioners, officers and employees, the Company, Wacker, the Guarantor and any such controlling person for any legal or other expenses reasonably incurred by the Port, its Commissioners, officers and employees, the Company, Wacker the Guarantor or any such controlling person in connection with investigating or defending any such loss, claim, damage, liability or action. The Placement Agents further agree to indemnify and hold harmless, jointly and severally, the Port, its Commissioners, officers and employees, against any action, loss, claim, damage or liability insofar as such action, loss, claim, damage or liability arises from an action or actions taken or omitted to be taken by any Placement Agent in placing or selling the Bonds pursuant to the Agency Agreement and Bond Purchase Agreement. This indemnity agreement will be in addition to any liability which the Placement Agents may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 3 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 3, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 3. In case any such action is brought against any indemnified party, and it notifies any indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party, similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 3 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. However, the indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such indemnified party will not be paid by the indemnifying party unless the employment of such counsel has been specifically authorized in writing by the indemnifing party or the indemnified party shall reasonably conclude that there may be legal defenses available to it which are different from or additional to the indemnifying party.

4. **Effectiveness; Termination.** This Letter of Indemnity shall become effective upon its acceptance by the Port and the Placement Agents. Except for the provisions of Section 3 and the next succeeding paragraph hereof, this Letter of Indemnity may be terminated by the Company, Wacker and the Guarantor at any time before such acceptance by written notice from the Company, Wacker or the Guarantor to the Placement Agents and the Port, and may be terminated by the Placement Agents at any time before such acceptance by written notice from the Placement Agents to the Company, the Guarantor and the Port.

If the Company, Wacker and the Guarantor shall be unable to perform its obligations under this Letter of Indemnity, or to satisfy the conditions contained herein to be satisfied by it, or if the Port shall be unable to perform its obligations under the Bond Purchase Agreement or to satisfy the conditions contained therein to be satisfied by it, or if the Bond Purchase Agreement is not accepted, or if the Company, Wacker or the Guarantor shall terminate this Letter of Indemnity under the option in the first paragraph of this Section 4,

the Company, Wacker and the Guarantor will pay its own costs and expenses and will pay, or cause to be paid, all costs and expenses of the kind which would have been paid by the Port out of the proceeds of the sale of the Bonds pursuant to the Bond Purchase Agreement if the Bonds had been sold in contemplation of the performance of them of their obligations hereunder, including the fees and disbursements of counsel and printing and travel expenses and postage, telegraph and telephone charges, but without any further obligation on its part.

If the Placement Agents shall terminate this Letter of Indemnity under the option contained in the first paragraph of this Section 4, they shall not be under any liability to the Company, Wacker or the Guarantor.

5. **Successors.** This Letter of Indemnity has been made solely for the benefit of the Port, the Placement Agents, the Company, Wacker the Guarantor and, to the extent expressly provided herein, for the benefit of the Original Purchasers and the persons controlling the Company, Wacker the Guarantor and their respective successors and assigns, and no other persons shall acquire or have any right under or by virtue of this Letter of Indemnity. The term "successor" shall not otherwise include an Original Purchaser.

6. **Applicable Law.** This Letter of Indemnity will be governed by and construed in accordance with the laws of the State of Oregon.

Kindly indicate the agreement to the foregoing by signing and returning to us this letter, whereupon it will become a binding agreement between us.

Very truly yours,

WACKER SILTRONIC CORPORATION

By _____
President

WACKER CHEMICAL CORPORATION

By _____
President

WACKER CHEMIE GmbH

By _____

Accepted As of April 15 1979

THE PORT OF PORTLAND

By _____

ABD SECURITIES CORPORATION

By _____
Vice President

EUROPARTNERS SECURITIES CORPORATION

By _____
Vice President

EXHIBIT A

WACKER CHEMICAL CORPORATION

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MATORIN & BROWN
ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

SIDNEY R. MATORIN, C.P.A.
STUART BROWN, C.P.A.

16633 VENTURA BOULEVARD - SUITE 735
ENCINO, CALIFORNIA 91436
TELEPHONE 213-981-0630

March 10, 1978

Wacker Chemical Corporation

OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Gentlemen:

We have examined the financial statements and supplemental schedules of Wacker Chemical Corporation (a wholly owned subsidiary of Wacker Chemie GmbH) for the year ended December 31, 1977 and 1976, listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of SWS Silicones Corporation (SWS) in which the company has a 49% interest as discussed in note 3, which statements reflect total assets constituting 39% in 1977 of total assets. These statements were examined by other auditors whose report thereon has been forwarded to us, and our opinion expressed herein, insofar as it relates to the amounts included for SWS, is based solely upon the report of other auditors.

As discussed in note 2, the company has been named as a defendant in a suit charging violations of the Sherman Act and the Wilson Tariff Act. The suit continues to be in the preliminary stages and the ultimate liability, if any, is not presently determinable.

In our opinion, subject to the effect, if any, on the financial statements of the matter referred to in the preceding paragraph, the accompanying financial statements present fairly the financial position of the company at December 31, 1977, and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis. Also, in our opinion, the accompanying supplemental schedules, when considered in relation to the basic financial statements, present fairly in all material respects the information shown therein.

The financial statements for the prior year were examined by other certified public accountants and are included herein for reference.

Respectfully submitted,

Matorin & Brown

Matorin & Brown
Accountancy Corporation

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WACKER CHEMICAL CORPORATION
BALANCE SHEET
DECEMBER 31, 1977 and 1976

ASSETS	1977	1976
CURRENT ASSETS		
Cash	$ 330,583	$ 1,205,036
Short term investments, at cost, which approximates market, plus accrued interest	---	1,949,506
Receivables:		
Trade, less allowance for doubtful accounts of $108,674 in 1977 and $108,604 in 1976	4,048,262	4,651,629
Employees notes secured by deeds of trust	35,380	38,752
Interest	37,975	37,204
Other	2,714	1,800
Total receivables	4,124,331	4,729,385
Inventories (note 1)	3,072,196	2,404,294
Prepaid expenses	84,362	144,890
Total current assets	7,611,472	10,433,111
PROPERTY - At cost (note 1):		
Land	110,200	110,200
Building and building improvements	235,687	235,687
Machinery and equipment	1,537,495	1,489,490
Furniture and fixtures	105,699	103,547
Automobiles	54,398	34,851
Leasehold improvements	3,869	3,869
Total	2,047,348	1,977,644
Less accumulated depreciation and amortization	1,270,465	1,108,821
Property - net	776,883	868,823
OTHER:		
Investment in joint venture (note 3)	6,549,135	4,144,124
Note receivable (note 3)	1,960,000	1,960,000
Total other	8,509,135	6,104,124
TOTAL	$ 16,897,490	$ 17,406,058

The accompanying notes are an integral part of these financial statements

WACKER CHEMICAL CORPORATION
BALANCE SHEET
DECEMBER 31, 1977 and 1976

LIABILITIES AND STOCKHOLDER'S EQUITY	1977	1976
CURRENT LIABILITIES:		
Accounts payable:		
Due to parent company	$ 4,321,542	$ 6,877,837
Trade	90,312	328,579
Total accounts payable	4,411,854	7,206,416
Customer deposits	---	500,000
Accrued liabilities	66,268	122,415
Total current liabilities	4,478,122	7,828,831
DEFERRED INCOME	276,224	---
LONG-TERM NOTES - Noninterest bearing notes guaranteed by parent company, due in 1979, $2,000,000 and 1980, $4,500,000	6,500,000	6,500,000
STOCKHOLDER'S EQUITY:		
Common stock - authorized, 500 shares of $1,000 par value; issued and outstanding 400 shares in 1977 and 1976	400,000	400,000
Additional paid-in capital	5,600,000	5,600,000
Deficit	(356,856)	(2,922,773)
Total stockholder's equity	5,643,144	3,077,227
TOTAL	$ 16,897,490	$ 17,406,058

The accompanying notes are an integral part of these financial statements

WACKER CHEMICAL CORPORATION
STATEMENT OF INCOME AND DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 1977 and 1976

	1977			1976
	LOS ANGELES	NEW YORK	COMBINED	COMBINED
GROSS SALES	$ 2,360,398	$ 24,034,914	$ 26,395,312	$ 22,741,393
LESS SALES RETURNS AND ALLOWANCES	126,860	423,916	550,776	308,201
NET SALES	2,233,538	23,610,998	25,844,536	22,433,192
COST OF GOODS SOLD	2,673,609	22,160,569	24,834,178	21,758,474
GROSS MARGIN (LOSS)	(440,071)	1,450,429	1,010,358	674,718
OPERATING EXPENSES:				
Selling expenses			970,257	830,727
General and administrative			140,042	104,504
Total			1,110,299	935,231
OPERATING LOSS			(99,941)	(260,513)
OTHER INCOME (EXPENSES):				
Equity in the income of joint venture before extraordinary item (note 3)			1,074,971	944,040
Interest income			288,729	247,771
Interest expense			(27,758)	(122,302)
Other income - net			2,132	10,100
Total			1,338,074	1,079,609
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM			1,238,133	819,096
PROVISION FOR INCOME TAXES (note 4)			2,256	200
INCOME BEFORE EXTRAORDINARY ITEM			1,235,877	818,896
EXTRAORDINARY ITEM (note 4)			1,330,040	
NET INCOME			2,565,917	818,896
DEFICIT, BEGINNING OF YEAR			(2,922,773)	(3,741,669)
DEFICIT, END OF YEAR			$ (356,856)	$ (2,922,773)

The accompanying notes are an integral part of these financial statements

WACKER CHEMICAL CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 1977 and 1976

	1977	1976
SOURCE OF FUNDS:		
From operations:		
Income before extraordinary item	$ 1,235,877	$ 818,896
Items not requiring (providing) working capital:		
Depreciation and amortization expense	196,693	175,732
Equity in the income of joint venture before extraordinary item	(1,074,971)	(944,040)
Total before extraordinary item	357,599	50,588
Extraordinary item	1,330,040	
Equity in extraordinary item of joint venture not providing working capital	(1,330,040)	
Total from operations	357,599	50,588
Property retirements - net	18,916	
Deferred income	276,224	16,897
Total sources	652,739	67,485
APPLICATION OF FUNDS:		
Property additions	123,669	229,467
INCREASE (DECREASE) IN WORKING CAPITAL	$ 529,070	$ (161,982)
SUMMARY OF CHANGES IN ELEMENTS IN WORKING CAPITAL:		
Increases (decreases) in current assets:		
Cash	$ (874,453)	$ 973,231
Short-term investments	(1,949,506)	1,549,506
Accounts receivable	(605,054)	901,335
Inventories	667,902	(1,282,595)
Prepaid expenses	(60,528)	41,943
Total	(2,821,639)	2,183,420
Decreases (increases) in current liabilities:		
Accounts payable and accrued liabilities	2,850,709	(3,805,402)
Customer deposits	500,000	(500,000)
Notes payable		1,960,000
Income taxes payable		
Total	3,350,709	(2,345,402)
INCREASE (DECREASE) IN WORKING CAPITAL	$ 529,070	$ (161,982)

The accompanying notes are an integral part of these financial statements

WACKER CHEMICAL CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. FINANCIAL INFORMATION AND ACCOUNTING POLICIES:

The company is a wholly owned subsidiary of Wacker Chemie GmbH and its operations are dependent to a significant degree upon transactions with, and policies of, its parent company. Purchases from its parent, consisting of substantially all of its raw materials and imported finished goods, totaled approximately $23,564,000 and $17,172,000 in 1977 and 1976, respectively. In addition, legal fees related to the litigation described in note 2 are being paid by the parent company. The amount payable to its parent represents primarily the balance due on such purchases.

Reference to the "New York" office in accompanying financial statements includes the company's offices in New York City, New York, Santa Clara, California, and Richardson, Texas.

Significant accounting policies are summarized as follows:

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market and are comprised of the following:

	1977	1976
Raw materials	$ 182,468	$ 207,817
Work in process	298,315	551,082
Finished goods	2,591,413	1,645,395
Total	$ 3,072,196	$ 2,404,294

Depreciation and Amortization

The company uses straight-line and declining-balance depreciation methods for both financial reporting and income tax purposes. Estimated useful lives used in computing depreciation range from 3 to 20 years. Maintenance and repairs are charged to income as incurred while betterments are capitalized and depreciated over the remaining useful lives of the related assets.

Investment Tax Credit

The company accounts for the investment tax credit on the "flow-through" method, reducing Federal income taxes in the year the related assets are placed in service.

WACKER CHEMICAL CORPORATION
NOTES TO FINANCIAL STATEMENTS

2. LITIGATION:

In July 1975, National Beryllia Corporation brought suit against the company and its parent charging violations of the Sherman Act and the Wilson Tariff Act and is seeking damages in the amount of $12 million or such additional amount as may be proven. The company has denied the charges and intends to vigorously defend against them. The suit continues to be in the preliminary stages and is not far enough advanced for the company or its legal counsel to form an opinion as to the likely outcome of the case. Since the ultimate liability of the company, if any, is not presently determinable, no provision for any such liability has been included in the accompanying financial statements.

3. INVESTMENT IN JOINT VENTURE:

The company acquired a 49% interest in SWS Silicones Corporation (SWS) a joint venture with Stauffer Chemical Corporation (Stauffer) in which the company's equity in the net assets of SWS exceed its cost as originally determined by $1,727,786. As a result of an Internal Revenue Service (I.R.S.) examination and report dated October 1977, the acquisition cost was determined to be $3,783,643 instead of $2,694,699, as previously reported. The excess of net assets over cost which was previously shown at $1,727,786 was reduced to $638,842 pursuant to the I.R.S. report. In prior years $408,322 of excess of net assets over cost was amortized, the remainder was fully amortized in 1977.

Summarized financial information of SWS submitted by other auditors for 1977 and 1976 (revised):

	1977	1976
Current assets	$ 13,880,700	$ 12,309,700
Property - net	7,972,900	7,204,700
Other assets	1,900	2,700
Total assets	$ 21,855,500	$ 19,517,100
Current liabilities including $4,000,000 payable to Stauffer	$ 8,058,900	$ 8,165,300
Other liabilities	431,000	180,000
Stockholders' equity	13,365,600	11,171,800
Total liabilities and stockholders' equity	$ 21,855,500	$ 19,517,100
Revenues	$ 30,274,600	$ 25,729,000
Net income	$ 2,193,800	$ 1,535,049

In accordance with the joint venture agreement, the company has loaned to Stauffer $1,960,000 which represents 49% of the amount advanced by Stauffer to

WACKER CHEMICAL CORPORATION
NOTES TO FINANCIAL STATEMENTS

SWS. The loan bears interest at the Morgan Guaranty prime rate plus .5% and is repayable to the company in proportion to the payments received by Stauffer from SWS.

4. INCOME TAX AND EXTRAORDINARY ITEM:

No Federal income taxes have been accrued with respect to the results of operations for 1977. Such operations include $1,074,971 of earnings related to SWS (see note 3) on which no provision for income tax is required. At December 31, 1977, cumulative undistributed earnings of SWS amounted to approximately $3,877,000.

California income taxes of $200 were paid in each of 1977 and 1976.

In connection with an examination of Franchise Tax Returns for years 1973 and 1974 by the State of California, they have requested additional information to determine whether a unitary business exists with Wacker Chemie GmbH.

The company's exposure to the unitary tax is not known or calculable at this time.

The company has a net operating loss carry-forward of approximately $345,000 which is available to offset future federal taxable income and expires in 1983. The company also has investment tax credit carry-forwards available to offset future taxes of approximately $83,500 which expire as follows: 1980, $49,900; 1981, $200; 1982, $4,600; 1983, $18,800; 1981, $9,900.

The extraordinary item in 1977 represents the amortization of remaining excess book value over cost of the company's investment in SWS and the adjustment described in note 3.

5. NOTE PAYABLE TO BANK:

The company has a $3,000,000 line of credit agreement providing for interest at the bank's prime rate. Under the agreement, the company must maintain a compensating balance of 10% of the total line of credit plus 10% of the average outstanding borrowings. The note is guaranteed by the Wacker Chemie GmbH.

6. PENSION AND RETIREMENT PLANS:

The company's pension plan covers employees who have completed one year of employment and attained the age of 25 and provides for payments to eligible employees upon normal retirement at age 65. The company's policy is to fund

WACKER CHEMICAL CORPORATION
NOTES TO FINANCIAL STATEMENTS

costs as accrued, which costs are actuarially computed using the entry age normal funding method.

The company's retirement plan is offered to all employees who have completed one year of employment. Employees who participate in the Plan contribute 6% of their normal weekly salary. The company makes regular monthly contributions equal to 25% of the amount contributed by employees. The company's contribution vests at the rate of 20% per year and is fully vested in five years.

The total provisions for both plans amounted to $24,241 for 1977 and 1976 respectively.

7. LEASE COMMITMENTS:

The company is obligated under long-term leases for office facilities for 1978-80, $16,000 each year. Certain of the leases provide for increases in annual rentals based upon defined increases in operating costs.

8. SUBSEQUENT EVENTS:

The company issued an additional 25 shares of capital stock to Wacker Chemie GmbH for $2,500,000 on January 18, 1978.

The Board of Directors of SWS Silicones Corporation declared a dividend on January 20, 1978, for which the company received $98,000.

The manufacturing building and improvements in Los Angeles were sold for an amount in excess of book value with an escrow closing date in April 1978.

SCOEPA00001377

WACKER CHEMICAL CORPORATION
COST OF GOODS SOLD
FOR THE YEARS ENDED DECEMBER 31, 1977 and 1976

	1977			1976
	LOS ANGELES	NEW YORK	COMBINED	COMBINED
RAW MATERIALS USED:				
Beginning raw material inventory	$ 207,817		$ 207,817	$ 241,649
Raw materials purchased (primarily from affiliates)	376,480		376,480	479,066
Total	584,297		584,297	720,715
Ending raw material inventory	(182,468)		(182,468)	(207,817)
Total raw materials used	401,829		401,829	512,898
OTHER COSTS:				
Beginning work-in-process inventory	551,082		551,082	342,982
Ending work-in-process inventory	(298,315)		(298,315)	(551,082)
Net change	252,767		252,767	(208,100)
Factory overhead	1,464,669		1,464,669	1,658,281
Direct labor	336,504		336,504	409,958
Engineering overhead	136,740		136,740	126,722
Total other costs	2,190,680		2,190,680	1,986,861
COST OF GOODS PRODUCED	2,592,509		2,592,509	2,499,759
BEGINNING FINISHED GOODS INVENTORY	315,427	1,329,968	1,645,395	3,102,258
FINISHED GOODS PURCHASED (PRIMARILY FROM AFFILIATES)	---	23,187,687	23,187,687	17,801,852
GOODS AVAILABLE FOR SALE	2,907,936	24,517,655	27,425,591	23,403,869
ENDING FINISHED GOODS INVENTORY	234,327	2,357,086	2,591,413	1,645,395
COST OF GOODS SOLD	$ 2,673,609	$ 22,160,569	$ 24,834,178	$ 21,758,474

The accompanying notes are an integral part of these financial statements

WACKER CHEMICAL CORPORATION
FACTORY AND ENGINEERING OVERHEAD COSTS
FOR THE YEARS ENDED DECEMBER 31, 1977 and 1976

	1977	1976
TORY OVERHEAD COSTS:		
Supplies	$ 561,748	$ 663,244
Payroll costs	253,118	250,281
Depreciation	181,227	163,130
Indirect labor	178,541	235,008
Occupancy	199,697	177,317
Repairs and maintenance	53,248	98,224
Overtime premium	12,442	26,185
Outside services	19,468	29,217
Projects and modifications	---	13,025
Miscellaneous	5,180	2,650
TOTAL FACTORY OVERHEAD COSTS	$ 1,464,669	$ 1,658,281
INEERING OVERHEAD COSTS:		
Salaries	$ 124,925	$ 110,509
Travel	9,490	11,391
Supplies	2,325	3,357
Outside services	---	1,465
TOTAL ENGINEERING OVERHEAD COSTS	$ 136,740	$ 126,722

The accompanying notes are an integral part of these financial statements

SCOEPA00001379

WACKER CHEMICAL CORPORATION
SELLING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1977 and 1976

	1977			1976
	LOS ANGELES	NEW YORK	COMBINED	COMBINED
Salaries	$ 20,236	$ 334,537	$ 354,773	$ 301,288
Telephone and telegraph	25,312	76,976	102,288	102,137
Office rent	---	52,585	52,585	52,998
Commissions	2,456	62,273	64,729	64,650
Travel and entertainment	---	70,756	70,756	63,482
Payroll costs	---	88,908	88,908	47,243
Postage and freight	3,686	28,555	32,241	30,051
Office supplies	---	24,682	24,682	24,079
Advertising and promotion	---	8,803	8,803	3,226
Depreciation	---	13,657	13,657	10,127
Taxes and licenses	---	18,212	18,212	12,982
Provision for doubtful accounts	11,301	77,699	89,000	85,800
Automobile expense	---	15,824	15,824	14,527
Miscellaneous	---	22,605	22,605	18,137
Export	11,194	---	11,194	---
TOTAL	$ 74,185	$ 896,072	$ 970,257	$ 830,727

The accompanying notes are an integral part of these financial statements

WACKER CHEMICAL CORPORATION
GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1977 and 1976

	1977	1976
Salaries	$ 71,697	$ 66,571
Audit and professional fees	29,854	25,245
Travel and entertainment	1,474	187
Payroll costs	18,522	---
Rent	9,600	4,800
Taxes and licenses	1,824	1,582
Depreciation	1,809	1,828
Office supplies	4,208	3,588
Dues and subscriptions	1,054	703
TOTAL	$ 140,042	$ 104,504

The accompanying notes are an integral part of these financial statements

SCOEPA00001381

The following Statement of Consolidated Earnings and Consolidated Balance Sheet were taken from the Pennwalt Corp. annual report and the Pennwalt Corp. first quarterly report to shareholders for 1978. Not included are the notes to the consolidated financial statements which are an integral part of the statements.

PENNWALT CORP.
STATEMENT OF CONSOLIDATED EARNINGS
(Thousands of Dollars)

	Year Ending December 31	
	1977	1976
INCOME		
Net Sales	$834,895	$777,315
Other Net, Including Equity ($4,409,000 and $1,824,000) in Net Earnings of Nonconsolidated Companies	7,267	4,901
	842,162	782,216
COSTS AND EXPENSES		
Cost of Goods Sold	557,672	512,940
Selling and Administrative	168,817	165,718
Research and Development	20,896	18,734
Interest Expense	15,570	15,547
	762,955	712,939
Earnings Before Income Taxes	79,207	69,277
FEDERAL AND OTHER INCOME TAXES		
Federal	23,390	20,033
Foreign	8,452	6,291
State and Local	3,145	3,088
Total Current Provision	34,987	29,412
Deferred	74	3,936
Investment Tax Credit, Net	2,413	1,019
	37,474	34,367
Net Earnings	$ 41,733	$ 34,910
Earnings Per Common and Common Equivalent Share	$4.23	$3.56

(Continued)

SCOEPA00001382

	Three Months Ending March 31, Unaudited	
	1978	1977
INCOME		
Net Sales	$219,475	$204,258
Other Net	2,366	986
	221,841	205,244
COST AND EXPENSES		
Cost of Goods Sold	148,297	135,986
Selling and Administrative	51,196	47,343
Interest	3,984	3,899
	203,477	187,228
Earnings Before Income Taxes	18,364	18,016
Income Taxes	7,928	8,537
Net Earnings	$ 10,436	$ 9,479
Earnings Per Common and Common Equivalent Share	$1.06	$ .96
Cash Dividends Per Share of Common Stock	$ .50	$ .40

SCOEPA00001383

PENNWALT CORP.
CONSOLIDATED BALANCE SHEET
(Thousands of Dollars)

	Year Ending December 31	
	1977	1978
ASSETS		
Current Assets		
Cash, Including Certificates of Deposit of $37,000 and $946,000	$ 5,947	$ 3,255
Marketable Securities, At Cost, Which Approximates Market	14,540	35,987
Total Cash and Marketable Securities	20,487	39,242
Receivables	150,071	130,313
Inventories	154,511	147,455
Prepaid Pension Costs and Other Expenses	14,987	12,187
Total Current Assets	340,056	329,197
Investments and Other Receivables		
Investments, At Cost Plus Equity in Undistributed Net Earnings Since Acquisition—		
Nonconsolidated Subsidiaries	14,756	12,578
Affiliates	8,779	8,672
Long-term Receivables, Etc.	1,385	1,705
	24,920	22,955
Property, Plant and Equipment, At Cost		
Land	13,485	12,439
Mineral, Oil and Gas Properties	8,966	8,503
Buildings	117,290	114,651
Equipment	334,803	297,364
	474,544	432,957
Less: Accumulated Depreciation, Depletion, Etc.	233,112	207,051
	241,432	225,906
Other Assets		
Goodwill, Net of Amortization of $714,000 and $585,000	14,990	15,119
License Agreements, Patents, Trademarks, Etc., Net of Amortization of $3,317,000 and $2,997,000	4,409	4,748
Deferred Charges	723	385
Unamortized Debt Discount and Expense	1,523	1,623
	21,645	21,875
	$628,053	$599,933

(Continued)

SCOEPA00001384

	Three Months Ending March 31, Unaudited	
	1978	1977
ASSETS		
Cash and Marketable Securities	$ 11,779	$ 27,176
Receivables, Net	169,100	145,401
Inventories	157,841	151,086
Prepaid Pension Costs and Other Expenses	14,212	10,300
Total Current Assets	352,932	333,963
Property, Plant and Equipment, Net	243,600	226,173
Other Assets	46,063	45,207
	$642,595	$605,343
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
Short-term Debt	$ 22,788	$ 13,396
Accounts Payable	41,015	39,747
Other Current Liabilities	72,072	56,666
Total Current Liabilities	135,875	109,809
Long-term Debt	167,412	177,643
Deferred Income Taxes	25,594	28,843
Shareholders' Investment	313,714	289,048
	$642,595	$605,343

SCOEPA00001385

Exhibit D

WACKER

Annual Report 1977

Wacker-Chemie GmbH
München

Wacker-Chemie GmbH

Supervisory Board

Prof. Dr.-Ing. Dres. h. c. Karl Winnacker
Honorary Chairman,
Königstein im Taunus

Prof. Dr. Rolf Sammet, Chairman,
Bad Soden am Taunus

Dr. Karl Heinz Weiß, Deputy Chairman,
Munich

Fritz Absmaier, Munich*

Kurt Lanz, Kronberg im Taunus

Dr. Peter Pfeiffer, Munich

Dr. Jürgen Schaafhausen,
Bad Soden am Taunus

Alfred Stummer, Burghausen*

Horst Günter Wacker, Munich

Adolf Wimmer, Burghausen*

*employees representatives

Managing Board

Walter Dobmaier
(responsible for Finance, Purchasing, General Administration)

Ekkehard Maurer
(responsible for Sales, Personnel, Public Relations)

Dr. Rudolf Mittag
(responsible for Factories, Engineering, Research and Development)

Wacker in brief

Wacker-Chemie (worldwide) in million DM	1973	1974	1975	1976	1977
Sales	897	1288	1039	1289	1312
Capital expenditures and investments	68	92	113	121	111
Employees	8609	9051	8563	8780	8905
Wacker-Chemie GmbH					
Sales	771	1099	910	1088	1101
Capital expenditures and investments	51	75	101	112	103
Depreciation of property, plant and equipment	70	69	75	93	100
Net income for the year	19.9	70.0	8.0	31.9	11.6
transferred to retained earnings	10.0	55.0	—	20.0	3.6
Balance sheet total	439.9	526.5	557.0	576.0	590.7
Employees	6338	6791	6444	6543	6627

SCOEPA00001387

This is where you find Wacker-Chemie GmbH and its affiliates

Factories in Germany

Wacker-Chemie GmbH
Burghausen
Kempten
Cologne
Stetten/Württ.

Wacker-Chemitronic GmbH
Burghausen

Elektroschmelzwerk Kempten GmbH
Kempten
Grefrath

Sales offices in Germany

Berlin
Düsseldorf
Frankfurt/Main
Hamburg
Hannover
Munich
Nuremberg
Stuttgart

European agents

Finland	Oy Max Aue AB, Helsinki
France	Promecome S.A., Paris
Greece	E. Rigas S.A., Athens
Ireland	Normen Lauder Ltd., Dublin
Italy	B. H. Schilling S.p.A., Milan
Norway	Wilh. Willumsen A/S, Oslo
Portugal	Euro-Atlântica S.A.R.L., Lisbon
Spain	Medir, Ferrer y Cia., S.A., Barcelona
Sweden	F. A. W. Jacobi, Stockholm
Turkey	Mohat Kimya Sanayi ve Ticaret Ltd. Sti., Istanbul

Overseas and European factories

Brazil	Wacker Quimica do Brasil Ltda., Sao Paulo
Mexico	Wacker Mexicana S.A., Mexico City
Netherlands	Elektroschmelzwerk Delfzijl B.V., Delfzijl
USA	Wacker Chemical Corp., Los Angeles
USA	SWS Silicones Corp., Adrian, Michigan
USA	ESK Corporation, Hennepin, Illinois (under construction)

European and overseas sales organisations

Austria	Wacker-Chemie Ges. m.b.H., Salzburg
Belgium	Wacker-Chemie S.A., Brussels
Denmark	Wacker-Chemie A/S, Copenhagen
Great Britain	Wacker Chemicals UK Ltd., London
Mexico	Wacker-Mexicana S.A., Mexico City
Netherlands	Wacker-Chemie Nederland B.V., Wormerveer
Switzerland	Wacker-Chemie (Schweiz) A.G., Liestal
USA	Wacker Chemical Corp., New York

Overseas agents

Argentina	Azyder S.A.I.C.I. y F., Buenos Aires
Australia	Hamilchem Pty. Ltd., Springvale
Bolivia	F. D. Lucas & Cia. S.A., La Paz
Brazil	Brasimet S.A., Sao Paulo
Chile	Mauricio Hochschild S.A.I.C., Santiago de Chile
Columbia	Amerex S.A., Bogota D.E., Columbia
Ecuador	Quimotécnica del Ecuador S.A., Quito
South Africa	Indag (Pty) Ltd., Craighall
Uruguay	Rodermonte Ltda., Montevideo
USA	Henley & Co., Inc., New York
Venezuela	Cenco-Zotti S.A., Caracas

In Greece, Portugal and in most overseas countries, Wacker silicone interests are being looked after by the national Hoechst agents.

SCOEPA00001388

Our Production Line

Plastic Material
Polyvinyl Chloride, Vinylchloride/Vinylacetate Copolymers, Laquer Resins (Vinnol®)
Vinylchloride/Vinylacetate Copolymers (Wacker MP-Fibre®, thermoplastic)
High Density Polyethylene (HDPE) (Wacker Polyäthylen)
Polyvinylacetate: Solid Resins, Hot Melt Pressure Sensitive Adhesives, Solutions, Emulsions and Redispersible Powders (Vinnapas® and Vinnapas-E)
Vinylacetate Ethylene Copolymer (Wacker VAE®)
Polyvinylalcohol (Polyviol®)
Polyvinylbutyral (Pioloform®)

Plasticizer (Monomer)
Phthalates, Adipates, Sebacates

Silicones
Fluids, Pastes, Greases, Antifoam Agents, Impregnating Agents, Masonry Water Repellents, Release Agents, Laquer Additives, Adhesion Promoters, Resins, Silicone Rubbers: High Temperature Vulcanising (HTV), Room Temperature Vulcanising (RTV), m-Polymers

Silanes
Chlorosilanes, Alkoxylsilanes, Organo Silanes with functional groups, e.g. Vinyl Silanes, Aminosilanes etc., Silazanes, Siloxanes with definite molecular weight

Fumed Silica
(Wacker HDK®)

Solvents
Methyl Acetate, Ethyl Acetate, Butyl Acetate, Mixed Solvent (Drawin®), Butyl Alcohol, Di-n-Butyl Oxalate (Solvent O), Glycolic Acid Butyl Ester (G.B. Ester®), Diacetone Alcohol (Solvent DA)

Chlorinated Solvents
Trichloroethylene (Wacker Tri®), 1.1.1-Trichloroethane (Wacker 3x1®), Perchloroethylene (Wacker Per®)

Organic Intermediates
Acetaldehyde, Chloroacetaldehyde, Diethylacetaldehyde, 2,4-Hexadienal, Acetic Acid, Diethylacetic Acid, n-Caproic Acid, Isovaleric Acid, Acetic Anhydride, Vinylacetate Monomer, Methyl Acetoacetate, Ethyl Acetoacetate, 2-Chloro-Methyl-Aceto-acetate, Isopropenyl Acetate, Dimethyl Diethyl-malonate, Di-n-Butyl Ether, Acetylacetone, 2-Chloro-Acetoacetamides, 2-Aminothiazole, Hexamethyl Phosphoric Triamide

Fungicides/Insecticides/Herbicides
for agriculture and home garden

Others
Rock Salt, Caustic Soda, Electro Slag, Premolten Welding Powder

SCOEPA00001389

Developments in turnover

For the German chemical industry the year 1977 meant but modest growth rates. The Wacker group, too, was affected by this trend. World turnover showed but a slight increase by 1.8% (24%) to 1.312 million DM (1.289 million DM). It was possible to expand our foreign and overseas business by 8%, despite currency problems, and exports now account for 38% of total turnover.

The previous year's turnover has not been reached in the domestic market. The state of the market was characterised by increased imports and overcapacities in certain areas, e.g. in the case of the common, mass produced plastics. This unwelcome trend clearly affected profitability. The annual surplus fell to little more than a third of the 1976 figure.

The growth in turnover of the parent company, **Wacker-Chemie GmbH,** by 1.2% to 1.101 million DM (1.088 million DM) was below the figures for the group. This was due mainly to the falling-off of the contribution made by the Polyvinyl Chloride division **(Division V)** towards the firm's results. Here, existing overcapacities as well as increasing imports from Eastern bloc countries in particular were noticeable.

Chlorine and Ethylene Derivatives **(Division C)** showed very different developments of the various product groups. The chlorinated hydrocarbon business suffered considerable losses whilst being subjected to continuing import pressures. Sales of organic intermediates brought satisfactory results in some instances, but in the case of polyethylene, sales expectations were not completely fulfilled.

In the case of Vinylacetate monomer-Derivatives products **(Division L)** the positive trend observed during the previous year continued during 1977. Sales of Vinnapas® E-emulsions in particular continued their upward trend, as had been expected.

The pesticide business developed well, especially the export side, due mainly to the successful use of Drawin® 755 for combating the so-called „Mosca Blanca" in citrus fruit plantations.

Sales also developed successfully in the case of pyrogenic, highly dispersed silica (Wacker HDK®). The new production unit for making HDK, which is due to start operations in the second half of 1978, will further increase our capacity in this field.

Silanes and Silicones **(Division S)** likewise brought satisfactory results during 1977. Foreign activities were systematically continued in this field, notably through the formation of a manufacturing and selling organisation in Sao Paulo, Wacker Quimica do Brasil Ltda.

Sales by our European subsidiaries showed a gratifying increase and positive results were achieved by these various sales organisations.

Despite increased sales, **Wacker-Chemitronic GmbH** were only able to maintain turnover at the level of the previous year. The reasons are to be found in the decline of the American dollar and in a falling-off of prices.

Only **Elektroschmelzwerk Kempten GmbH** managed to achieve a gratifying turnover increase of 14%.

Notes to the Balance Sheet for 1977

Total operating performance by Wacker-Chemie GmbH amounted to 1.125 million DM (1.117 million DM), which was 0.7% above the previous year's figure. Expenditure on raw materials, auxiliaries and fuel amounted to 598 million DM, 0.7% less than during the previous year. The proportion of total performance decreased slightly to 53.9%.

The amount spent on our employees was 269 million DM (250 million DM), i.e. 10.8% more than during the previous year the proportion of total performance being 24%.

The net income for the fiscal year – 11.6 million DM – was unsatisfactory. Only 3.6 million DM could be put back into the general reserves to strengthen the capital stock. Dividends paid out during 1977 amounted to 8 million DM, compared with 12 million DM in the preceeding year.

The balance sheet total increased by 15 million DM to 591 million DM. On the assets side, fixed assets have increased by just under 4 million DM, current assets by about 11 million DM. On the liabilities side, equity continued to increase due to the introduction of 3.6 million DM into the general reserves.

Long-term liabilities show an increase, 19 million DM representing liabilities to banks. Short-term liabilities remain almost unchanged. Within this position however, provisions decreased, due to earnings.

Capital stock amounts to 220 million DM or 37.3% of the balance sheet. It covers the fixed assets to the extent of 83%. Capital stock and long-term debts cover the fixed assets by 64% and thus completely finance inventories. Liquid funds and short-term receivables cover the short-term liabilities and provisions, so that the company's liquidity at any time is assured.

The concern and world annual results differ but little from the parent company's annual results.

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Investments

During 1977, Wacker-Chemie GmbH spent 103 million DM on investments, with 100 million DM set aside for depreciation. The emphasis in the parent company's investment activities was on the original Burghausen works. After the successful conclusion of the first raw material conversion stage, the second stage was started according to plan. This provides for the construction of a vinyl acetate plant based on ethylene. Good progress was also made with work on the Wacker HDK plant. The many-sided silicone range was further extended and rounded off. Developments on the Vinnol, Vinnapas and copolymer ranges were systematically continued. About 20 million DM was spent on environmental problems at the Burghausen and Cologne factories. In Burghausen the biological sewage purification plant was put on stream. This, as a comparison, would be capable of purifying the sewage produced by a city with 300,000 inhabitants. In Cologne, the polyethylene plant as well as supply installations were further extended.

To assure the leading position of Wacker-Chemitronic, numerous investment projects were carried out.

During 1977, investments in subsidiaries increased by 1.7 million DM through the formation of a sales organisation in Great Britain, Wacker Chemicals UK Ltd., and a manufacturing and sales organisation for silicones in Brazil, Wacker Quimica do Brasil Ltda., with headquarters in Sao Paulo. Furthermore, a 100% subsidiary of Wacker-Chemitronic GmbH, "Heliotronic Forschungs- und Entwicklungsgesellschaft für Solarzellen-Grundstoffe mbH," was formed, which is engaged in research and development work on basic materials for solar cells, a project which is being promoted on a long-term basis by the German Federal Government.

Research expenditure and licenses

Because of the relatively modest increase in turnover and, on the other hand, the greatly increased employment cost, the percentage proportion of money spent by the parent company on research, measured on the basis of turnover, has increased from 4.4% to 4.8%. Expenditure has also increased in absolute terms and for the next few years, too, a high rate of expenditure for research is expected. This is necessary in order to adapt product quality to the fast changing demands by customers for constantly improved properties. This expenditure will help to provide an assured future for our employees and companies. The success of our continuing research efforts in the face of international competition is again reflected in the positive license situation. The surplus of 7.9 million DM results from receipts amounting to 14.1 million DM and expenditure of 6.2 million DM.

Employees

Education and Training

Special attention was given to the continuing training and education of employees, encouraging their efforts by means of numerous seminars and lectures. Reinforcement and training of outside technical service personnel, who play a decisive part in the company's success, was continued, both at home and abroad. Personal initiative on the part of employees to further their education, by means of financial grants was supported.

Pension Fund

In accordance with the new rules issued in 1972, the group provided another 16.8 million DM for the pension fund. In addition, the sum of 2.3 million DM has been passed to the pension reserve fund for the provision of old-age pensions for our employees. As in previous years, full use has been made of legal possibilities in the formation of this reserve fund.

The number of employees working for the group on December 31, 1977 represented an increase of 108, from 8453 to 8561 (1.3% increase).

The following breakdown shows the personnel employed by the group as applying on December 31, 1977.

	Manual workers	Staff	Trainees	Total
Wacker-Chemie GmbH	4044	2298	285	6627
Subsidiaries	1360	573	1	1934
	5404	2871	286	8561

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Wacker-Chemie GmbH
Balance Sheet as of December 31, 1977 (in DM)

Assets

	1/1/1977	Additions Reclassifications	Retirements	Depreciation	12/31/1977	12/31/76
	DM	DM	DM	DM	DM	1000 DM
Fixed assets and investments						
Property, plant, equipment, and intangibles						
Land and equivalent rights real property with office, factory, and buildings	28736992	R+ 12009104 9593	38184	9622060	31095445	28737
with residential buildings	919945	R− 47		49178	870720	920
		R− 412				
without buildings	3239785	5431	6922		3237682	3240
Buildings on land not owned	44741	−		3888	40853	45
Plant machinery and facilities	179379099	R+ 69949888	363006	79450410	169515571	179379
Plant and office equipment	7371204	R+ 6971189	84035	5232339	9026019	7371
		R− 88929722				
Construction in progress and advances for fixed assets	21076018	102768042	−	5300039	29614299	21076
Franchises, operating licenses, industrial property and similar rights	3692023	162820		343228	3511615	3692
	244459807	102945886	492147	100001142	246912404	244460
Investments						
Investment in subsidiaries and associated companies	13907107	1665581	−	39999	15532689	13907
Loans granted for contractual terms of 4 years or more	2796986	10000	443426	−	2363559	2797
to subsidiaries DM 329181						
secured by mortgages DM 1339085						
	16704093	1675581	443426	39999	17896248	16704
	261163900	104621467	935573	100041141	264808652	261164
Current assets						
Inventories						
Materials and supplies		DM 30189991				
Finished products and merchandise		DM 57079847		87269838		87768
Receivables and miscellaneous assets						
Advances to suppliers				6529512		591
Accounts receivable				123564976		118934
due after one year		DM −				
Notes receivable				6700551		6140
rediscountable at Bundesbank		DM 6607430				
Cash on hand, deposits at the Bundesbank and in postal checking accounts				1131105		839
Cash in banks				30835532		31240
Marketable securities				3546421		3563
Receivables from subsidiaries				55717311		60833
Loans subject to § 89, German Corporation Act				341303		343
Miscellaneous assets				9748183		4112
					325384732	575527
Prepaid expenses					524360	498
					590717744	576025

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Liabilities

		DM	DM	12/31/76 1000 DM
Capital stock			100000000	100000
General reserves				
Transfer from net income for the fiscal year 1977		80000000 3600000		80000 15000
		83600000 15000000		
Reserve for raw material change Burghausen			98600000	95000
Special reserves				
Reserve pursuant to § 6b, Income Tax Act		493153		4370
Reserve pursuant to § 74, Income Tax Regulations		12103200		11927
Reserve pursuant to § 1, Act on Aid to Developing Countries		480000		–
			13076353	16297
Provisions				
Provision for pension plans		29469383		27471
Provision for maintenance		4744000		4105
Other provisions		38609484		54615
			72822867	86191
Liabilities with contractual terms of 4 years and more				
Bank loans				
secured by mortgages	DM –	104674772		85615
other loans				
secured by mortgages	DM 60000000	84843820		85010
			189518592	170625
Pos. 1 and 2 due within less than 4 years	DM 48555748		5032902	6011
Liabilities to outside pension fund				
Other liabilities				60426
Accounts payable		67740805		–
Bank loans		21665		9037
Liabilities to subsidiaries		13723446		21912
Miscellaneous liabilities		19966645		
			101452561	91375
			2181858	3791
Deferred income				
Net income available for distribution		8032611		6735
After transfer into general reserves			8032611	(13449)
				(20340)
Contingent liabilities on notes	DM 6478186			(100)
Warranties	DM 13682500			
Guaranties	DM 99811			(3579)
Property levy equalization of war burdens				(418)
Present value	DM 2032037			
Quarterly installment	DM 417685			
			590717744	576025

SCOEPA00001393

Wacker-Chemie GmbH
The Managing Board

According to our audit, conducted with all due professional diligence, the accounting records, the financial statements, and the report to shareholders comply with the requirements set forth in the statute and in the Company's by-laws.

Munich, March 14, 1978

Süddeutsche Treuhand-Gesellschaft A.G.

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

gez. Dr. Sarx
Wirtschaftsprüfer

gez. ppa. Trump
Wirtschaftsprüfer

Wacker-Chemie GmbH
Statement of Income for the Period 1977 (in DM)

		DM	DM	12/31/76 1000 DM
Net sales			1100692048	1087887
Change in inventories of finished products and work in process			−1148463	+5854
in the cost of unbilled contracts, and in equipment leased to customers			25346670	23402
Total operating performance			1124890255	1117143
Less–cost of materials, supplies, and merchandise			598403864	602623
Gross result from operations			526486391	514520
Income under profit-and-loss transfer agreements		14968574		28714
Income from investment in shares of subsidiaries and associated companies		3565111		3631
Income from other investments		219373		245
Other interest and similar income		3632124		4614
Gains on disposal of fixed assets and investments		584278		271
Credit to income from elimination of provisions		3532526		15943
Credit to income from elimination of special reserves		3950649		3295
Miscellaneous income		66701915		59482
including extraordinary income	DM 8265699		97154550	116195
			623640941	630715
Wages and salaries		219172530		199520
Statutory social welfare contributions		30478314		28909
Expense related to pension plans and other employee benefits		19756122		21573
Depreciation of property, plant, and equipment		100001142		93287
Writedown of investments		39999		–
Valuation adjustments on, and losses from the disposal of, current assets (except equipment leased to customers and inventories)		10498415		7687
Losses on disposal of fixed assets and investments		431900		212
Interest and similar expenses		13050153		12375
Taxes				
on income, net assets, and real property	DM 43012171			
Other taxes	DM 563636			
		43575807		63444
Property levy for equalization of war burdens		1670739		1671
Transfer to special reserves		730332		303
Miscellaneous expenses		172646461		169770
			612051914	598751
Net income for the fiscal year			11589027	31964
Balance brought forward from previous year			43584	80
			11632611	32044
Net income transferred to retained earnings			3600000	20000
			8032611	12044
Prepaid dividend			–	5309
Net income available for distribution			8032611	6735

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Consolidated Balance Sheet as of December 31, 1977 (in DM)
Wacker-Chemie GmbH, München

Assets

		12/31/1977 DM	12/31/76 1000 DM
Fixed assets and investments			
Property, plant, equipment, and intangibles			
Land and equivalent rights to real property		38152523	36457
with office, factory, and other buildings		3576418	3678
with residential buildings		3823403	3825
without buildings		183191418	194641
Plant machinery and facilities		11148536	9130
Plant and office equipment		30913619	21647
Construction in progress and advances for fixed assets		2788524	2951
Franchises, operating licenses, industrial property and similar rights		273594441	272329
Investments			
Investment in subsidiaries and associated companies		7619367	6014
Loans granted for contractual terms of 4 years or more		5265517	5716
to subsidiaries	DM 2928600	12884886	11730
secured by mortgages	DM 1586658	286479327	284059
Current assets			
Inventories		132763032	129549
Receivables and miscellaneous assets			
Advances to suppliers		6529512	625
Accounts receivable		144757697	151161
due after one year	DM —	7077660	6684
Notes receivable			
rediscountable at Bundesbank	DM 6984539	1290532	977
Cash on hand, deposits at the Bundesbank and in postal checking accounts		32173233	32232
Cash in banks		3546421	3565
Marketable securities		45837	372
Checks		18103433	17620
Receivables from subsidiaries		341303	343
Loans subject to § 89, German Corporation Act		10100914	4462
Miscellaneous assets		356729574	347590
Prepaid expenses		572588	563
		643781489	632212

SCOEPA00001396

Liabilities

		DM	12/31/1977 DM	12/31/76 1000 DM
Capital stock			100000000	100000
General reserve		83600000		
Reserve for raw material change Burghausen		15000000	98600000	95000
Special reserves				
Reserve pursuant to § 6b, Income Tax Act		493153		
Reserve pursuant to § 74, Income Tax Regulations		13025343		
Reserve pursuant to § 1, Act on Aid to Developing Countries		480000	13998496	17219
			12846229	10753
Consolidation fund			28333	21
Minority interests				
Provisions				
Provision for pension plans		30361832		
Provision for maintenance		5727230		
Other provisions		47088021	83177083	95809
Liabilities with contractual terms of 4 years and more				
Bank loans			111315334	
secured by mortgages	DM —		94490377	205805711	187148
Other loans				
secured by mortgages	DM 69646557			
Position 1 and 2 due within less than 4 years	DM 53669315			5032902	6012
Liabilities to outside pension fund				
Other Liabilities				
Accounts payable		72323648		
Bank loans		8064692		
Liabilities to subsidiaries		520427		
Miscellaneous liabilities		28175520	109084287	105384
			2181858	3791
Deferred income				
Net income consolidated				
Net income available for distribution after transfer into general reserves			13026590	11075
				(14515)
Contingent liabilities on notes		(7924512)		(20340)
Warranties		(13682500)		(100)
Guaranties		(99811)		
Property levy for equalization of war burdens				(3899)
Present value		(2213431)		(455)
Quarterly installment		(454950)		
			643781489	632212

SCOEPA00001397

Wacker-Chemie GmbH
The Managing Board

According to our audit, conducted with all due professional diligence, the consolidated financial statements and the report relating thereto comply with all statutory requirements.

Munich, March 14, 1978

Süddeutsche Treuhand-Gesellschaft A.G.

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

gez. Dr. Sarx
Wirtschaftsprüfer

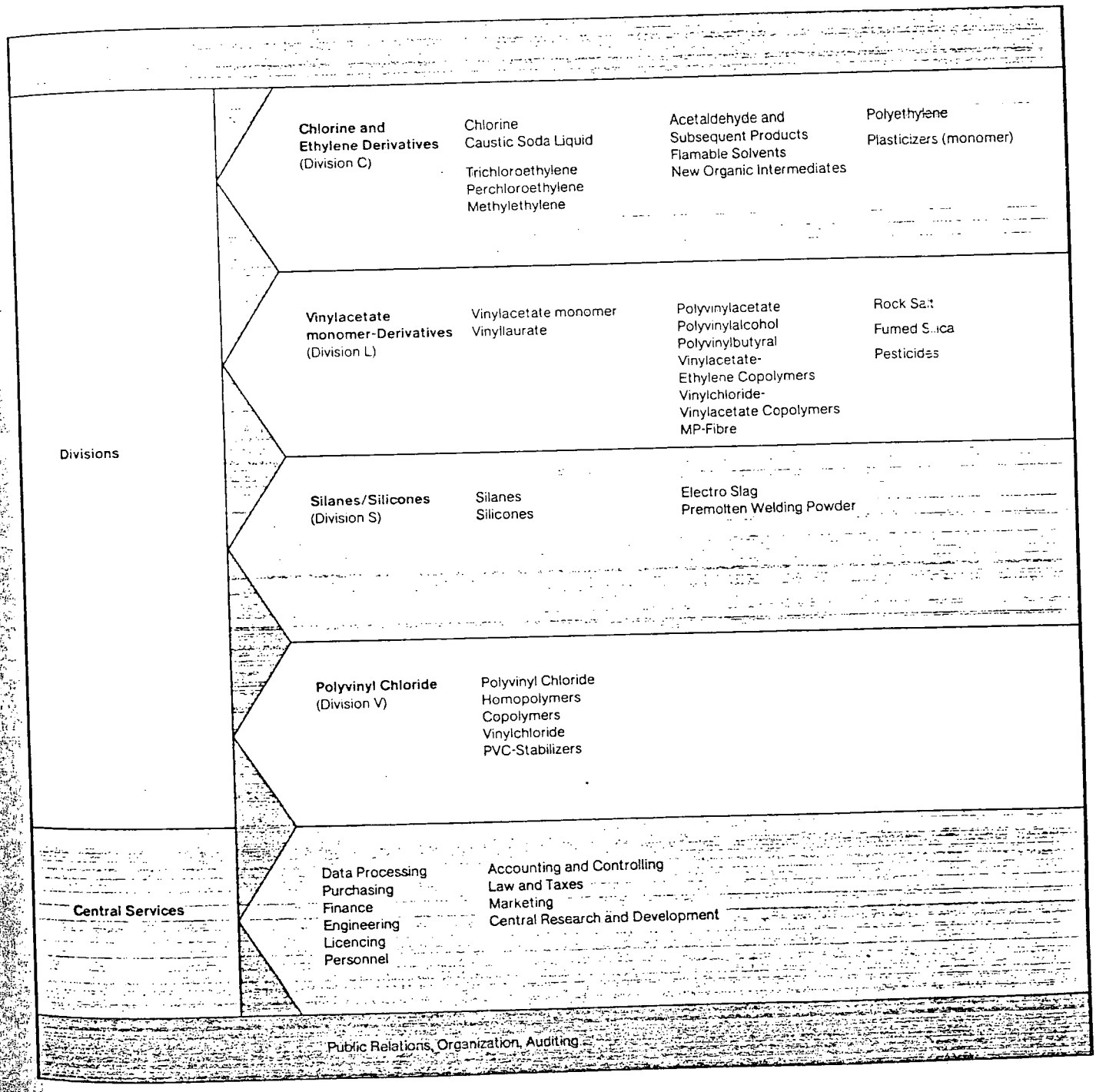
gez. ppa. Trump
Wirtschaftsprüfer

Consolidated Statement of Income for the Period 1977 (in DM) Wacker-Chemie GmbH, München

		DM	DM	12/31/76 1000 DM
Net sales		1299572499		1278193
Change in inventories of finished products and work in process, in the cost of unbilled contracts, and in equipment leased to customers		1778653		8999
		25682385		23727
Total operating performance			1327033537	1310919
Less–cost of materials, supplies, and merchandise			639358955	641452
Gross result from operations			687674582	669467
Income from investment in shares of subsidiaries and associated companies		2585224		2651
Income from other investments		373960		401
Other interest and similar income		1647249		2175
Gains on disposal of fixed assets and investments		589529		742
Credit to income from elimination of provisions		3992597		16239
Credit to income from elimination of special reserves		3950649		3300
Miscellaneous income including extraordinary income	DM 9322813	37371717	50510925	35223
			738185507	730198
Wages and salaries		276954680		250963
Statutory social welfare contributions		39071653		36529
Expense related to pension plans and other employee benefits		23321644		24988
Depreciation of property, plant, and equipment		106058382		99463
Writedown of investments		39999		–
Valuation adjustments on, and losses from the disposal of, current assets (except equipment leased to customers and inventories)		12426938		9494
Losses on disposal of fixed assets and investments		432287		228
Interest and similar expenses		14147634		13498
Taxes				
on income, net assets, and real property	DM 45037274			
Other taxes	DM 571594	45608868		65598
Property levy for equalization of war burdens		1819799		1820
Transfer to special reserves		730332		303
Miscellaneous expenses		203230397	723842613	194451
Net income for the fiscal year			14342894	32753
Net income transferred to retained earnings			3600000	20000
Balance brought forward from previous year			2283696	3631
			13026590	16384
Prepaid dividend			–	5309
Net income consolidated			13026590	11075

SCOEPA00001399

Organization



CERTIFICATE AS TO AUTHORIZED COMPANY REPRESENTATIVE

I, the undersigned, Vice President of Wacker Siltronic Corporation (the "Company"), hereby certify as follows:

1. Dr. Hans Herrmann has been designated as the Authorized Company Representative and Virginia Gilbert has been designated as an alternate Authorized Company Representative to take all action and execute all certificates pursuant to the provisions of the Installment Sale Agreements between the Port of Portland (the "Port") and the Company, dated as of April 15, 1979, securing the Port's

   i) Pollution Control Revenue Bonds, Series A (Wacker Siltronic Corporation);

   ii) Industrial Revenue Bonds, Series A (Wacker Siltronic Corporation).

2. The manual signatures are as follows:

Name	Signature
Dr. Hans Herrmann	H. Herrmann
Virginia Gilbert	Virginia Gilbert

A copy of this certificate shall be filed with the Trustee.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation this 24 day of April, 1979.

H. Herrmann
Vice President

SCOEPA00001403

CERTIFICATE REQUIRED BY SECTION 2.3(f)(v)

OF THE BOND PURCHASE AGREEMENT

We, the undersigned President and Treasurer, respectively, of Wacker Siltronic Corporation, DO HEREBY CERTIFY:

1. That we are duly appointed officers on the capacities indicated above of Wacker Siltronic Corporation (the "Company"), and as such have knowledge of the facts set forth herein.

2. That to the best of our knowledge after reasonable investigation, the representations and warranties made by the Company in the Letter of Indemnity ("Letter") executed and delivered by the Company and accepted by The Port of Portland and ABD Securities Corporation and Europartners Securities Corporation attached hereto, are true and correct as if made at and as of the date hereof.

3. That to the best of our knowledge after reasonable investigation, the Company has complied with all agreements and satisfied all conditions set forth in the Letter on its part to be performed or satisfied at or prior to the date hereof.

4. That to the best of our knowledge after reasonable investigation, no litigation is pending or threatened against the Company;

(A) to restrain or enjoin the issuance or delivery of any of the Bonds (as defined in the Letter) or the application of the proceeds thereof, or the payment, collection or application of payments pursuant to the Installment Sale Agreements, the Ordinance or the Guarantees, (each as defined in the Letter), or

(B) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinance, the Installment Sale Agreements, the Guarantees, the Bond Purchase Agreement (each as defined in the Letter), the application of the proceeds of the Bonds or the payment, collection or application of revenues or payments pursuant to the Installment Sale Agreements, the Ordinance or the Guarantees.

IN WITNESS WHEREOF, we have hereunto set our hands this 26 day of April, 1979.

President

Treasurer

SCOEPA00001405

WACKER SILTRONIC CORPORATION
200 S.W. MARKET STREET SUITE 1130
PORTLAND, OREGON 97201

April 26, 1979

Mudge Rose Guthrie & Alexander
20 Broad Street
New York, New York 10005

Gentlemen:

Attached hereto as Exhibit A is a description of certain land and depreciable property being constructed or acquired (the "Project") by or for the Wacker Siltronic Corporation ("Wacker"), a wholly owned subsidiary of Wacker Chemical Corporation.

The Project is being financed by the Port of Portland (the "Issuer") for Wacker pursuant to an Installment Sale Agreement between the Issuer and Wacker dated as of April 15, 1979 (the "Installment Sale Agreement"), with the proceeds of $1,000,000 principal amount of The Port of Portland Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "Bonds"). Capitalized terms used herein, except to the extent specifically defined herein, are used as defined in the Installment Sale Agreement.

SCOEPA00001406

All of the proceeds from the sale of the Bonds will be expended to pay that portion of the Cost of the Project being financed by the Bonds. All such expenditures are necessary for and have been or will be incurred directly in connection with the construction, acquisition installment and financing of the Project, and Wacker will, for Federal income tax purposes, account for all such expenditures as capital rather than expense items.

All of the property comprising the Projct is land, land improvements, or tangible personal property subject to exhaustion, wear and tear or obsolescence and has a useful life in the hands of Wacker of more than one year.

Neither Wacker, nor any related person as such term is defined in Secton 103(b)(6)(C) of the Internal Revenue Code of 1954, as amended (the "Code"), and the regulations thereunder, is or will be the principal user of any faclity (a) financed out of the proceeds of bonds issued prior to this date, interest on which is exempt from Federal income taxation by reason of Section 103(b)(6) of the Code and the regulations thereunder, and (b) either (i) located or to be located in the same incorporated municipality in such county in which the Project is to be located, or (ii) located or to be located in a political jurisdiction other than the political jurisdiction in which the Project is to be located within a contiguous or integrated facility located on both sides of the border between the political jurisdiction in which such facility is located and the political jurisdiction in which the Project is to be located.

On May 24, 1978, the Issuer, in order to induce Wacker to proceed with the acquisition and construction of the Project, adopted

a resolution and executed a memorandum of understanding determining to issue the Bonds in an aggregate principal amount not to exceed $1,000,000 and to use the proceeds thereof to finance the Cost of the Project. As of such date commencement of construction or acquisition of the Project or any of its major components had not occurred.

The statements contained in this letter and in Exhibit A hereto fully and accurately represent the facts as known to Wacker, and are, in its opinion, true and no information available to Wacker has been omitted herefrom or from Exhibit A hereto the omission of which would tend to render misleading any of the statements contained herein or in Exhibit A hereto in the circumstances in which they were made.

Very truly yours,

WACKER SILTRONIC CORPORATION

By: _____
VICE-PRESIDENT

SCOEPA00001409

CERTIFICATE AS TO INSURANCE COVERAGE

I, Hans Hermann, Vice President of Wacker Siltronic Corporation, (the "Company") DO HEREBY CERTIFY, that the requirements of Section 3.07 of the Installment Sale Agreements concerning insurance, dated as of April 15, 1979, between the Company and the Port of Portland, Oregon, are fulfilled as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Company this 26 day of April, 1979.

H. Hermann
Vice President

[SEAL]

SCOEPA00001411

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PETER R. ENGELHARDT
CLIFFORD A. RATHKOPF, JR.

April 26, 1979

IN REPLY REFER TO

To the purchasers named in Appendix A
to this opinion (the "Purchasers") and the

Port of Portland, Oregon

Re: The Port of Portland Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project); The Port of Portland Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)

Dear Sirs:

We are special counsel to Wacker Siltronic Corporation (the "Corporation"), a Delaware corporation, and have acted as such in connection with the sale by the Port of Portland ("Port") to the Purchasers this day of (a) $1,000,000 principal amount of the Port's Industrial Development Revenue Bonds, 1979 Series, (Wacker Siltronic Corporation Project) and (b) $3,430,000 principal amount of the Port's Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project), (such bonds being herein collectively the "Bonds") and the Corporation's execution of (a) Installment Sale Agreements, each dated as of April 15, 1979 ("Installment Sale Agreements") between the Corporation and the Port relating thereto (each of the terms used herein having the meaning as defined therein) and (b) a Letter of Indemnity among the Port, the Corporation, ABD Securities Corporation, Europartners Securities Corporation, Wacker Chemical Corp. and Wacker-Chemie GmbH ("Letter of Indemnity").

In so acting, we have examined and relied upon the representations and warranties as to the factual matters contained in the Installment Sale Agreements and upon originals or copies, certified or otherwise identified to our satisfaction, of such corporate records, documents,

certificates and other instruments, and such factual information otherwise supplied to us by the Corporation, as in our judgment are necessary or appropriate to enable us to render the opinion expressed below.

Based upon the foregoing and having regard for such legal considerations as we have deemed relevant, we are of the opinion that:

(1) The Corporation is a corporation duly organized, validly existing and in good standing under the laws of Delaware; the Corporation has full corporate power to execute and deliver, and perform its obligations under the Installment Sale Agreements and the Letter of Indemnity; and the Corporation is duly qualified to do business and in good standing in the State of Oregon;

(2) The Installment Sale Agreements have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Corporation enforceable in accordance with their terms (subject to bankruptcy and other laws affecting the enforcement of creditors' rights generally and equitable principles at the time in effect governing the remedy of specific performance);

(3) The Letter of Indemnity has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Corporation and has not been terminated by the Corporation;

(4) No authorization, approval, consent or other order of any governmental authority or agency other than the Port or of any other entity or person (or persons) is required for the valid authorization, execution and delivery of the Installment Sale Agreements and the Letter of Indemnity by the Corporation;

(5) To the best of our knowledge there is no litigation pending or threatened against the Corporation: (i) to restrain or enjoin the issuance or delivery of any of the Bonds, or the application of the proceeds thereof, or the payment, collection or application of payments or other revenues pursuant to the Installment Sale Agreements or the Ordinances, (ii) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinances, the Installment Sale Agreements, the Letter of Indemnity, the Guarantees, the Agency Agreement, the Bond Purchase Agreements, the application of the proceeds of the Bonds or the payment, collection or application of payments or other revenues pursuant to the Installation Sales Agreements, the Ordinances or the Guarantees, or (iii) in any way contesting

the right and power of the Port to cause to be constructed the Projects, as described in the Installment Sale Agreements;

(6) The execution and delivery of the Installment Sale Agreements and the Letter of Indemnity and the fulfillment of their terms and provisions by the Corporation will not: (i) to the best of our knowledge conflict with, violate or result in a breach of any law or any administrative regulation or court decree applicable to the Corporation, (ii) conflict with, or result in a breach of, or constitute a default under the Articles of Incorporation or By-Laws of the Corporation or the laws of the State of Delaware or to the best of our knowledge any indenture, mortgage, deed of trust, agreement or other instrument to which the Corporation is a party, or by which it is bound, or to the best of our knowledge any order, rule or regulation applicable to the Corporation of any court or other governmental body, or (iii) to the best of our knowledge result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation pursuant to the terms of any such indenture, mortgage, deed of trust or other instrument;

(7) To the best of our knowledge subject to those liens and encumbrances, including inchoate rights such as mechanics' and materialmen's lien rights, existing on the date of execution and delivery of the Installment Sale Agreements, the Port has acquired all the right, title and interest of the Corporation in and to such components of the Projects as have been completed or work on which is in progress at the time of execution of the Installment Sale Agreements;

(8) To the best of our knowledge the operation of the Projects, in the manner presently contemplated and described in the Ordinance and Installment Sale Agreements will not conflict with any present State of Oregon zoning, water or air pollution standards applicable thereto.

In giving the opinion set forth in Paragraphs (2) through (7) above, we have with your consent relied on the opinions of Messrs. Miller, Anderson, Nash, Yerke & Wiener, dated today and attached hereto as Exhibit A and B as to all matters of Oregon law. Further, in giving the opinion set forth in Paragraph 8 above, we have with your consent relied on the opinion of Messrs. Ragen, Roberts and O'Scannlain.

Very truly yours,

Walter, Conston, Schurtman & Gumpel, P.C.

WALTER, CONSTON, SCHURTMAN & GUMPEL, P.C.

Appendix A

1. First National Bank of Oregon

2. Commerzbank AG, New York

3. Dresdner Bank AG, New York

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ELIZABETH G. PATTERSON
JOHN A. LUSKY
EVERETT R. MORELAND
JOHN F. NEUPERT
ROGER P. JAUCH
MARY ANN FRANTZ

April 26, 1979

Walter, Conston, Schurtman &
Gumpel, P.C.
Attorneys at Law
280 Park Avenue
New York, New York 10017

Subject: Port of Portland Pollution Control
Revenue Bonds 1979 Series
(Wacker Siltronic Corporation project)

Gentlemen:

You have requested our opinion as local counsel in the state of Oregon for Wacker Siltronic Corporation (the "Corporation") with respect to certain matters of Oregon law in connection with a Bond Purchase Agreement covering the subject bonds.

In rendering our opinion, we have reviewed a Bond Purchase Agreement dated April 15, 1979, by and between the Port of Portland (the "Port") and certain purchasers (the "Bond Purchase Agreement"), a Guarantee Agreement between Wacker Chemical Corporation (the "Guarantor") and First National Bank of Oregon as trustee dated April 15, 1979, with respect to the subject bonds (the "Guarantee"), an Installment Sale Agreement between the Port and the Corporation dated as of April 15, 1979 (the "Sale Agreement"), Ordinance No. 245 enacted by the Port March 14, 1979, (the "Ordinance"), an Agency Agreement among the Port and ABD Securities Corporation and EuroPartners Securities Corporation (the "Agency Agreement"), and Letter of Indemnity among the Port, ABD Securities Corporation, EuroPartners Securities Corporation, the Guarantor and Wacker-Chemie GmbH (the "Letter of Indemnity"). We have also examined such records of the Corporation and public agencies as deemed relevant for purposes of this opinion.

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On the basis of such examination and having due regard for applicable legal considerations, it is our opinion that

1. The Sale Agreement constitutes a valid and legally binding obligation of the Corporation enforceable in accordance with its terms (subject to bankruptcy and other laws affecting enforcement of creditors' rights generally);

2. The Letter of Indemnity constitutes a valid and legally binding obligation of the Corporation;

3. No authorization, approval, consent or other order of any governmental authority or agency of the state of Oregon other than the Port is required for the valid authorization, execution and delivery of the Sale Agreement and the Letter of Indemnity by the Corporation;

4. There is no litigation pending, or to our knowledge, threatened against the Corporation in the Circuit Court of the State of Oregon for Multnomah County, or the U. S. District Court for the District of Oregon: (i) to restrain or enjoin the issuance or delivery of any of the subject Bonds, or the application of the proceeds thereof, or the payment, collection or application of payments or other revenues pursuant to the Sale Agreement or the Ordinance, (ii) in any way contesting or affecting any authority for or the validity of the subject Bonds, the Ordinance, the Sale Agreement, the Letter of Indemnity, the Guarantee, the Agency Agreement, the Bond Purchase Agreement, the application of the proceeds of the subject Bonds or the payment, collection or application of payments or other revenues pursuant to the Sale Agreement, the Ordinance or the Guarantee, or (iii) in any way contesting the right and power of the Port to cause to be constructed the Project as described in the Sale Agreement;

5. The execution and delivery of the Sale Agreement and the Letter of Indemnity and the fulfillment of their terms and provisions by the Corporation will not conflict with, violate or result in a breach of any law of the state of Oregon or any administrative regulation of any governmental agency of the state of

Oregon or court decree of the Circuit Court of the State of Oregon for Multnomah County or the U. S. District Court for the District of Oregon applicable to the Corporation;

6. The Corporation has obtained all necessary zoning, water and air pollution permits for the operation of the Project in the manner presently contemplated as described in the Ordinance and the Sale Agreement. The Project is a permitted use under the Zoning Code of the City of Portland. The Project is located wholly within the jurisdiction of the Port;

7. Subject to those liens and encumbrances (including inchoate rights such as mechanic's and materialmen's lien rights) existing on the date of execution and delivery of the Sale Agreement, the Port has acquired all the right, title and interest of the Corporation in and to such components of the Project (as defined in the Sale Agreement) as have been completed or work which is in progress at the time of execution and delivery of the Sale Agreement;

8. The Guarantee constitutes a valid and legally binding obligation of the Guarantor enforceable in accordance with its terms (subject to bankruptcy and other laws affecting enforcement of creditors' rights generally);

9. The Letter of Indemnity constitutes a valid and legally binding obligation of the Guarantor;

10. No authorization, approval, consent or other of any governmental authority or agency of the state of Oregon other than the Port is required for the valid authorization, execution and delivery of the Guarantee and the Letter of Indemnity by the Guarantor;

11. There is no litigation pending or, to our knowledge, threatened against the Guarantor in the Circuit Court of the State of Oregon for Multnomah County or the U. S. District Court for the District of Oregon: (i) to restrain or enjoin the issuance

or delivery of any of the subject Bonds, or the application of the proceeds thereof, or the payment, collection or application of payments or other revenues pursuant to the Sale Agreement, the Ordinance or the Guarantee, (ii) in any way contesting or affecting any authority for or the validity of the subject Bonds, the Ordinance, the Sale Agreement, the Guarantee, the Bond Purchase Agreement, the Letter of Indemnity, the application of the Proceeds of the subject Bonds or the payment, collection or application of payment or other revenues pursuant to the Sale Agreement, the Ordinance or the Guarantee, or (iii) in any way contesting the right and power of the Port to cause to be constructed the Project as described in the Sale Agreement;

12. The execution and delivery of the Guarantee and the Letter of Indemnity and the fulfillment of their terms and provisions by the Corporation will not conflict with, violate or result in a breach of any law of the state of Oregon or any administrative regulation of a governmental agency of the state of Oregon or court decree of the Circuit Court of the State of Oregon for Multnomah County or the U. S. District Court for the District of Oregon applicable to the Guarantor.

For the purposes of the foregoing opinion, we have assumed the due authorization, execution and delivery of all documents. We have also assumed that all parties have the requisite power to enter into the transactions contemplated by the documents referred to above.

The foregoing opinion is limited to Oregon law. We express no opinion as to the law which will be applicable in the event that a proceeding is instituted in any other jurisdiction with respect to the documents referred to above.

Very truly yours,

MILLER, ANDERSON, NASH, YERKE & WIENER

By Harvey C Barragar

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VICTORIA SHORT BAUM

April 26, 1979

WALTER, CONSTON, SCHURTMAN
& GUMPEL, P.C.
Attorneys at Law
Park Avenue
New York, New York 10017

Re: The Port of Portland Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project); The Port of Portland Industrial Development Revenue Bond, 1979 Series (Wacker Siltronic Corporation Project)

Gentlemen:

You have requested our opinion as Special Local Counsel in the State of Oregon for Wacker Siltronic Corporation (the "Corporation") with respect to Section 2.3(f)(vi)(G) of two Bond Purchase Agreements dated April 15, 1979 between the Port of Portland, Oregon and the First National Bank of Oregon, Commerzbank and Dresdner Bank.

In that connection we have examined relevant public records, Ordinances Nos. 245 and 246 of the Port of Portland enacted on March 14, 1979, and Installment Sale Agreements between the Port of Portland and Wacker Siltronic Corporation dated as of April 15, 1979.

From our examination of the foregoing we have determined that the Corporation has obtained all necessary water and air pollution permits for the operation of the project as defined in each of the Installment Sale Agreements between the Port and the Corporation dated as of April 15, 1979. The project has been granted a conditional use permit by the City of Portland subject to landscaping, design and building and occupancy permit conditions, and the project is located wholly within the jurisdiction of the Port.

We are, therefore, of the opinion that the operation of the project in the manner presently contemplated and described in the Ordinances and the Sale Agreements will not conflict with any State of Oregon zoning, water or air pollution standards applicable thereto.

Very truly yours,

RAGEN, ROBERTS & O'SCANNLAIN

Ragen, Roberts & O'Scannlain

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SECRETARY'S CERTIFICATE RE RESOLUTIONS

I, Dr. Ernst Stiefel, Secretary of Wacker Chemical Corp., a corporation organized and existing under the laws of the State of New York, do hereby certify that the foregoing is a full, true and correct copy of an extract of resolutions duly adopted by the Board of Directors and Shareholder of said Corporation on the 17th day of April, 1979.

I do further certify that said resolutions have not been rescinded, annulled or revoked and that the same are in full force and effect.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the corporate seal of said Corporation this 2[illegible] day of April, 1979.

Secretary
Wacker Chemical Corp.

RESOLVED, that the terms and conditions of the Guarantee Agreements ("Agreements") between the First National Bank of Oregon, as Trustee, and the Corporation, dated as of April 15, 1979, in the forms attached hereto as Exhibit A and Exhibit B are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Letter of Indemnity ("Letter") from the Corporation to the Port of Portland, Oregon, ABD Securities Corporation and Europartners Securities Corporation in the form attached hereto as Exhibit C are hereby ratified and approved.

FURTHER RESOLVED, that any of the proper officers of the Corporation or Dr. Hans Herrmann are authorized to execute and deliver the Agreements, the Letter and any other documents or instruments in connection therewith.

FURTHER RESOLVED, that the above persons are authorized to make any amendments or modifications of the Agreements and the Letter which they deem necessary or desirable, a determination which shall be conclusively evidenced by their execution and delivery of such amended or modified documents.

3.2

GUARANTEE AGREEMENT

Between

WACKER CHEMICAL CORPORATION

and

FIRST NATIONAL BANK OF OREGON
As Trustee

Dated as of April 15, 1979

The Port of Portland Industrial Development
Revenue Bonds, 1979 Series
(Wacker Siltronic Corporation Project)

GUARANTEE AGREEMENT

This GUARANTEE AGREEMENT is entered into as of April 15, 1979, by and between Wacker Chemical Corporation, a corporation duly organized and existing under the laws of the State of New York (herein called the "Guarantor"), and First National Bank of Oregon, as trustee, a banking corporation of the State of Oregon (herein, together with any successor trustee at the time serving as such pursuant to Ordinance No. 246, enacted on March 14, 1979, by The Port of Portland called the "Trustee").

W I T N E S S E T H:

WHEREAS, arrangements have been made for the sale by the The Port of Portland, a municipal corporation of the State of Oregon (herein, together with any successor to its functions, called the "Port"), of its Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) in the aggregate principal amount of $1,000,000 (herein called the "1979 Bonds"); and

WHEREAS, the proceeds of the sale of the 1979 Bonds will be used to finance the cost of the acquisition and construction of certain industrial development facilities and appurtenances thereto for the silicon wafer manufacturing facility of Wacker Siltronic Corporation, a wholly-owned subsidiary of the Guarantor (the "Corporation"), located in Portland, Oregon, and such facilities are to be sold by the Port to the Corporation pursuant to an Installment Sale Agreement, dated as of April 15, 1979, between the Port and the Corporation (herein, as amended from time to time called the "Sale Agreement"); and

WHEREAS, the 1979 Bonds are to be issued under and pursuant to the aforesaid Ordinance No. 246 (herein, as supplemented or amended from time to time, called the "Ordinance"); and

WHEREAS, the Port may pursuant to the Ordinance issue in the future additional industrial development revenue bonds of the Port for the purpose of financing the cost of completing the aforesaid industrial development facilities or the cost of acquiring and constructing additions, extensions and improvements to said industrial development facilities at said plant (the 1979 Bonds and such additional bonds being herein called the "Bonds"); and

WHEREAS, the Guarantor desires that the Port issue the Bonds and apply the proceeds for the purpose described above and is willing to enter into this Guarantee Agreement in order to provide an

inducement to the Port to issue the Bonds and an inducement to the purchase of the Bonds and interest coupons appertaining thereto by all who shall at any time become holders thereof;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the Guarantor does hereby covenant and agree with the Trustee as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF GUARANTOR

SECTION 1.1. The Guarantor does hereby represent and warrant that it is a corporation duly incorporated and in good standing under the laws of the State of New York, has power to enter into and perform this Guarantee Agreement, has duly authorized the execution and delivery of this Guarantee Agreement by proper corporate action and that such execution and delivery does not contravene or constitute a default under any agreement, instrument or indenture or any provision of its certificate of incorporation or any other requirement of law. The Guarantor further represents that assumption by the Guarantor of its obligations hereunder will result in a direct financial benefit to the Guarantor.

ARTICLE II

COVENANTS AND AGREEMENTS

SECTION 2.1. The Guarantor hereby unconditionally guarantees to the Trustee (a) the full and prompt payment of the principal of and premium, if any, on each Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, and (b) the full and prompt payment of interest on each Bond when and as the same shall become due. All payments by the Guarantor shall be paid in lawful money of the United States of America. Each and every default in payment of the principal of, premium, if any, or interest on any Bond shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

SECTION 2.2. The obligations of the Guarantor under this Guarantee Agreement shall be absolute and unconditional and shall remain in full force and effect until the entire principal of, premium, if any, and interest on the Bonds shall have been paid or duly provided for, and such obligations shall not be affected,

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modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of, the Guarantor:

(a) the waiver, compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Port contained in the Ordinance, or of the payment, performance or observance thereof;

(b) the failure to give notice to the Guarantor of the occurrence of an event of default under the terms and provisions of this Guarantee Agreement or the Ordinance;

(c) the transfer, assignment or mortgaging or the purported transfer, assignment or mortgaging of all or any part of the interest of the Port in the Project referred to in the Sale Agreement or any failure of tivle with respect to the Port's interest in the Project or the invalidity, unenforceability or termination of the Sale Agreement;

(d) the waiver, compromise, settlement, release or termination of the Port's obligations, covenants or agreements contained in the Sale Agreement, or the Ordinance or of the payment, performance or observance thereof;

(e) the extension of the time for payment of any principal of, premium, if any, or interest on any Bond owing or payable on such Bond or of the time for performance of any obligations, covenants or agreements under or arising out of the Sale Agreement, the Ordinance or this Guarantee Agreement or the extension or the renewal thereof;

(f) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Sale Agreement or the Ordinance;

(g) the taking or the omission of any of the actions referred to in the Ordinance or of any actions under this Guarantee Agreement;

(h) any failure, omission, delay or lack on the part of the Port or Trustee to enforce, assert or exercise any right, power or remedy conferred on the Port or the Trustee in this Guarantee Agreement or the Sale Agreement or the Ordinance, or any other act or acts on the part of the

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Port, the Trustee or any of the holders from time to time of the Bonds or the interest coupons appertaining thereto;

(i) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting the Guarantor or the Port or any of the assets of either of them, or any allegation or contest of the validity of this Guarantee Agreement, the Sale Agreement, or the disaffirmance of the Sale Agreement or this Guarantee Agreement in any such proceeding;

(j) to the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge by operation of law of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guarantee Agreement; or

(k) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Guarantee Agreement.

SECTION 2.3. No set-off, counterclaim, reduction, or diminution of an obligation, or any defense of any kind or nature (other than performance by the Guarantor of its obligations hereunder) which the Guarantor has or may have against the Port shall be available hereunder to the Guarantor against the Trustee.

SECTION 2.4. In the event of a default in payment of principal of or premium, if any, on any Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, or in the event of a default in the payment of any interest on any Bond when and as the same shall become due, the Trustee may, and if requested to do so by the holders of not less than 25% in aggregate principal amount of the Bonds then outstanding, shall proceed to enforce its rights hereunder and the Trustee shall have the right to proceed first and directly against the Guarantor under this Guarantee Agreement without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the Port or the Trustee. All moneys recovered pursuant to this Guarantee Agreement shall be applied to the payment of the principal of, premium, if any, and interest on, the Bonds.

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As a condition to it taking any action hereunder, the Trustee may require that a satisfactory indemnity be furnished by or at the instance of the Bondholders for the reimbursement of all expenses and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

SECTION 2.5. The Guarantor hereby expressly waives notice from the Trustee or the holders from time to time of any of the Bonds or of the interest coupons appertaining thereto of their acceptance and reliance on this Guarantee Agreement. The Guarantor agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees (including attorney's fees for appeals) which may be incurred by the Trustee in enforcing or attempting to enforce this Guarantee Agreement or protecting the rights of the Trustee hereunder following any default on the part of the Guarantor hereunder, whether the same shall be enforced by suit or otherwise.

SECTION 2.6. The Guarantor agrees that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation; provided, that the Guarantor may, without violating the agreements contained in this Section, consolidate with, merge into, or sell or otherwise transfer all or substantially all of its assets as an entirety to another corporation and thereafter dissolve, if the successor corporation irrevocably and unconditionally assumes in writing all of the obligations of the Guarantor under this Guarantee Agreement; and provided further that the surviving, resulting or transferee corporation, as the case may be, has a consolidated net worth (after giving effect to such consolidation, merger or transfer) at least equal to or greater than that of the Guarantor immediately prior to such consolidation, merger or transfer.

SECTION 2.7. This Guarantee Agreement shall not be deemed to create any right in, or to be in whole or in part for the benefit of any person other than the Trustee, the Guarantor and their permitted successors and assigns. This Guarantee Agreement may be enforced by or on behalf of the holders of the Bonds or such coupons only by the Trustee in accordance with the provisions of the Ordinance.

SECTION 2.8. The Guarantor irrevocably, so long as any of the Bonds are outstanding, (a) agrees that any suit, action or other legal proceeding arising out of this Guarantee Agreement may be brought in any court in the State of Oregon or the courts of the United States located in such State, (b) consents to the jurisdiction of each such court in any such suit, action or proceeding, and (c)

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waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts.

ARTICLE III

MISCELLANEOUS

SECTION 3.1. The obligations of the Guarantor hereunder shall arise absolutely and unconditionally upon the issue, sale and delivery of any Bonds by the Port. The execution and delivery of this Guarantee Agreement shall not impair or diminish in any respect the obligations of the Corporation under the Sale Agreement.

SECTION 3.2. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guarantee Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Guarantee Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required herein or in the Ordinance. In the event any provision contained in this Guarantee Agreement should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waiver any other breach hereunder. No waiver, amendment, release or modification of this Guarantee Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties to this Guarantee Agreement and only in accordance with the provisions of the Ordinance.

SECTION 3.3. This Guarantee Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. This Guarantee Agreement may be modified only by an instrument in writing signed by the duly authorized representatives of the parties and only if the modification is made for the purposes and in accordance with this Section 3.3.

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The Guarantor and the Trustee may, without the consent of or any notice to the holders of any of the Bonds or the interest coupons appertaining thereto, amend, change or modify this Guarantee Agreement to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained herein or to make provision with respect to matters arising hereunder including the issuance of Additional Bonds (as defined in the Ordinance) or for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions of the Sale Agreement, the Ordinance and this Guarantee Agreement and do not, in the sole judgment of the Trustee, adversely affect the interest of the holders of the Bonds and the interest coupons appertaining thereto.

The Guarantor and the Trustee may, at any time and from time to time, with the written consent of the holders of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds then outstanding, amend, change or modify this Guarantee Agreement to such extent as shall be deemed necessary or desirable by the Trustee, provided that, without the written consent of the holders of all the Bonds and the interest coupons appertaining thereto then outstanding, no such amendment, modification or change shall permit (i) any reduction in the amount, coverage or scope of the Guarantor's obligations hereunder, (ii) any change in the unconditional nature of the Guarantor's obligations hereunder, or (iii) any other change that, in the sole judgment of the Trustee, might adversely affect the interests of the holders of the Bonds and the interest coupons appertaining thereto.

SECTION 3.4. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections in this Guarantee Agreement contained, shall not affect the validity or enforceability of the remaining portions of this Guarantee Agreement, or any part thereof.

SECTION 3.5. Upon payment of the Bonds pursuant to the Ordinance, or provision for such payment having been made in accordance with the Ordinance, the Trustee shall release the Guarantor from the provisions of this Guarantee Agreement in writing.

SECTION 3.6. The Guarantor and the Trustee hereby agree that the provisions of this Guarantee Agreement shall be construed in accordance with the laws of the State of Oregon.

SCOEPA00001432

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee Agreement to be executed in its name and behalf and its corporate seal to be affixed hereto and attested by its duly authorized officers as of the date first above written.

WACKER CHEMICAL CORPORATION

(Corporate Seal)

By _____
(Vice) President

ATTEST:

_____
~~(Assistant)~~ Secretary

Accepted this 15th day of April, 1979 by First National Bank of Oregon, as Trustee

By _____
~~(Vice) President and Corporate~~ Trust Officer

(Corporate Seal)

ATTEST:

_____

SCOEPA00001433

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee Agreement to be executed in its name and behalf and its corporate seal to be affixed hereto and attested by its duly authorized officers as of the date first above written.

WACKER CHEMICAL CORPORATION

(Corporate Seal)

By _____
President

ATTEST:

_____
(Assistant) Secretary

Accepted this 15th day of April, 1979 by First National Bank of Oregon, as Trustee

By _____
(Vice) President and Corporate
Asst Trust Officer

(Corporate Seal)

ATTEST:

_____

SCOEPA00001434

WALTER, CONSTON, SCHURTMAN & GUMPEL, P.C.
ATTORNEYS AT LAW
280 PARK AVENUE
NEW YORK, N.Y. 10017
(212) 682-2323

OTTO L. WALTER
HENRY S. CONSTON
WILLIAM SCHURTMAN
HENRY J. GUMPEL
GEORGE BERLSTEIN
JON A. LEHMAN
ALAN KANZER
WILLIAM M. BARRON
J. FREDERICK BERG, JR.
RICHARD E. SCHNEYER

BERNARD R. DIAMOND
HEIDI B. DUERBECK
DANIEL C. EDMUNDSON
PETER R. ENGELHARDT
CLIFFORD A. RATHKOPF, JR.

CABLE: WALTCONLAW
TELEX:
234436 INTL. RCA
125410 DOM./INTL. WU

TELECOPIER:
(212) 867-8381

MUNICH OFFICE
DR. OTTO L. WALTER
BRIENNERSTR II
8 MUENCHEN 2
(089) 22 64 25
TELEX 0522957

ASSOCIATED OFFICE
WASHINGTON, D.C.

April 26, 1979

IN REPLY REFER TO

To the purchasers named in Appendix A
to this opinion (the "Purchasers") and the

Port of Portland, Oregon

Re: The Port of Portland Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project); The Port of Portland Industrial Development Revenue Bond, 1979 Series (Wacker Siltronic Corporation Project)

Dear Sirs:

We are special counsel to Wacker Chemical Corp. (the "Guarantor"), a New York corporation, and have acted as such in connection with the sale by the Port of Portland ("Port") to the Purchasers this day of (a) $1,000,000 principal amount of the Port's Industrial Development Revenue Bonds, 1979 Series, (Wacker Siltronic Corporation Project) and (b) $3,430,000 principal amount of the Port's Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (such bonds being herein collectively the "Bonds") and the Guarantor's execution of (a) Guarantee Agreements, each dated as of April 15, 1979 ("Guarantees") relating thereto (each of the terms used herein having the meaning as defined therein) and (b) a Letter of Indemnity among the Port, the Corporation, ABD Securities Corporation, Europartners Securities. Guarantor, Wacker Siltronic Corporation and Wacker Chemie GmbH ("Letter of Indemnity").

In so acting, we have examined and relied upon the representations and warranties as to the factual matters contained in the Guarantees and upon originals or copies, certified or otherwise identified to our satisfaction, of such corporate records, documents, certificates and other instruments, and such factual information otherwise supplied to us by the Guarantor, as in our judgment are necessary or appropriate to enable us to render the opinion expressed below.

(A) The Guarantor has been duly organized and is validly existing and in good standing under the laws of the State of New York; the Guarantor has full corporate power to execute and deliver, and perform its obligations under the Guarantee and the Letter of Indemnity;

(B) The Guarantees have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Guarantor enforceable in accordance with their terms (subject to bankruptcy and other laws affecting enforcement of creditors' rights generally and equitable principles at the time in effect governing the remedy of specific performance;

(C) The Letter of Indemnity has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Guarantor and has not been terminated by the Guarantor;

(D) No authorization, approval, consent or other order of any governmental authority or agency other than the Port or of any other entity or person (or persons) is required for the valid authorization, execution and delivery of the Guarantees and the Letter of Indemnity by the Guarantor;

(E) To the best of our knowledge, there is no litigation pending or threatened against the Guarantor; (i) to restrain or enjoin the issuance or delivery of any of the Bonds, or the application of the proceeds therof, or the payment, collection or application of payments or other revenues pursuant to the Installment Sale Agreements, the Ordinances or the Guarantees, (ii) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinances, the Installment Sale Agreements, the Guarantees, the Bond Purchase Agreements, the Letter of Indemnity, the application of the proceeds of the Bonds or the payment, collection or application of payments or other revenues pursuant to Installment Sale Agreements, the Ordinances, or the Guarantees, or (iii) in any way contesting the right and power of the Port to cause to be constructed the Projects as described in the Installment Sale Agreements;

(F) The execution and delivery of the Guarantees and the Letter of Indemnity and the fulfillment of their terms and provisions by the Guarantor will not: (i) to the best of our knowledge conflict with, violate or result in a breach of any law or any administrative regulation or court decree applicable to the Guarantor, (ii) conflict with, or result in a breach of, or constitute a default under the Articles of Incorporation or By-Laws of the Guarantor or to

the best of our knowledge any indenture, mortgage, deed of trust, agreement or other instrument to which the Guarantor is a party, or by which it is bound, or to the best of our knowledge any order, rule or regulation applicable to the Guarantor of any court or other governmental body, or (iii) to the best of our knowledge result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Guarantor pursuant to the terms of any such indenture, mortgage, deed or trust or other instrument.

In giving the opinion set forth in Paragraphs (B) through (F) above, we have with your consent relied on the opinions of Messrs. Miller, Anderson, Nash, Yerke & Wiener, dated today and attached hereto as Exhibits A and B as to all matters of Oregon law.

Very truly yours,

Walter, Conston, Schurtman & Gumpel, P.C.

WALTER, CONSTON, SCHURTMAN
& GUMPEL, P.C.

Appendix A

1. First National Bank of Oregon

2. Commerzbank AG, New York

3. Dresdner Bank AG, New York

4.1

HR B

[illegible] des Unternehmens	Grund- oder Stammkapital DM	Vorstand Persönlich haftende Gesellschafter Geschäftsführer Abwickler	Prokura	Rechtsverhältnisse	a) Tag des [illegible] und [illegible] b) Bemerkungen
	3	4	5	6	7
[illegible]-Chemie Gesell- [illegible] beschränkter [illegible] [illegible] und Vertrieb [illegible] Produkten [illegible] und Vornahme [illegible] zusammen- [illegible] Geschäfte.	30.000.000,-	Maurer Ekkehard, Geschäftsführer, München; Dr. Mittag Rudolf, Chemiker und Geschäftsführer, München.	Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dr. Aichholz Hermann, München; Dr. Eber Rudolf, München; Dr. Reiserer Walter, München; Dobmaier Walter, München; Weiss Rudolf, München; Kircher Max, München; Denis Johann Bertram, München; Schneider Albert, München; Dr. Smidt Jürgen, München-Solln; Dr. Eder Heinz, München; Dr. Freiesleben Werner, München; Dr. Rief Anton, München; Braune Hansjörg, München; Buchberger Hermann, München; Dr. Etschmann Richard, Planegg bei München; Dr. M i c h l Karl-Heinz, München; Dr. Kudla Herbert, München; Giffhorn Hans-Jürgen, München.	Gesellschaft mit beschränkter Haftung. Der Gesellschaftsvertrag ist am 16. Dezember 1920 abgeschlossen, zuletzt geändert durch Beschluß der Gesellschafterversammlung vom 27. Juli 1966. Die Geschäftsführer Maurer Ekkehard und Dr. Mittag Rudolf vertreten je zusammen mit einem anderen Geschäftsführer oder einem Prokuristen.	a) Umgeschrieben am 10. [illegible] 19[illegible] b) Tag der [illegible] Eintragung: 18. Dezember 1920
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dr. Essler Hans, Schwaig b. Nürnberg; Dr. Jira Reinhard, München; von der Osten Hans-Helge, München.		a) 20. Juli 19[illegible]
		Dr. A d o l f f Peter, Rechtsanwalt in München		Dr. A d o l f f Peter ist zum Geschäftsführer bestellt; er ist zusammen mit einem anderen Geschäftsführer oder mit einem Prokuristen vertretungsberechtigt.	a) 3. Nov. 1[illegible]

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Gegenstand des Unternehmens	Grund- oder Stammkapital DM	Vorstand Persönlich haftende Gesellschafter Geschäftsführer Abwickler	Prokura	Rechtsverhältnisse	a) Tag der Eintragung und Unterschrift b) Bemerkungen
2	3	4	5	6	7
			Die Prokuren für Buchberger Hermann und Weiss Rudolf sind erloschen. Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dr. Wick Manfred, München.	Dr. A d o l f f Peter ist zum Geschäftsführer bestellt; er ist zusammen mit einem anderen Geschäftsführer oder mit einem Prokuristen vertretungsberechtigt.	a) 19. Febr. 1973 [signature] Sp. 6 irriger Eintrag sofort wieder gelöscht.
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Braun Werner, Burghausen; Eberth-Heldrich Gertrud, München; Dr. Haustein German, Germering bei München; Opl Oskar, Eichenried.		a) 22. März 1973 [signature]
			Die Prokuren für Dr. Kudla Herbert, Dr. Rief Anton und Denis Johann Bertram sind erloschen,		a) 24. Sept. 1973 [signature]
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Barsko Bodo, München Kenngott Wilhelm, Gröbenzell, Kober Hans, Ottobrunn, Dr. Müller Frank, Siegertsbrunn, Dr. Nuding Klaus, Housenstamm. Die Prokura Kircher Max ist erloschen.		a) 4. Sept. 1974 [signature]
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dr. Römer Robert, München.		

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HR B

Sitz des Unternehmens	Grund- oder Stammkapital DM	Vorstand Persönlich haftende Gesellschafter Geschäftsführer Abwickler	Prokura	Rechtsverhältnisse	a) Tag der Eintragung und Unterschrift b) Bemerkungen
	3	4	5	6	7
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dietz Wolfgang, München; Landgraf Eduard, München; Dr. Kempel Guntbert, München; Pfeffermann Matthias, München.		a) -8. 7. 75
	100 000 000,-			Die Gesellschafterversammlung vom 2. Juni 1975 hat die Erhöhung des Stammkapitals um 20 000 000,-DM auf 100 000 000,-DM aus Gesellschaftsmitteln und die entsprechende Änderung des § 3 der Satzung (Stammkapital) beschlossen. Die Gesellschaft hat mehrere Geschäftsführer. Sie wird durch zwei Geschäftsführer gemeinschaftlich oder durch einen Geschäftsführer in Gemeinschaft mit einem Prokuristen vertreten.	a) 6. Aug. 1975 b) Beschluß Bl. 93[illegible] Satzungsneufassung Bl. 9[illegible]
				Die Gesellschafterversammlung vom 27. November 1975 hat die Änderung der §§ 10 (Zusammensetzung des Aufsichtsrats, Mitgliedschaft) und 11 (Beschlußfähigkeit des Aufsichtsrats) der Satzung beschlossen.	a) 1[illegible] 19[illegible] b) Beschluß Bl. 110 SB Satzungsneufassung Bl. 111 SB
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dr. Golla Bernd, München; Zippel Hans-Jürgen, München.		a) 25. Juni

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HR B 3799

Unternehmens	Grund- oder Stammkapital DM	Vorstand, Persönlich haftende Gesellschafter, Geschäftsführer, Abwickler	Prokura	Rechtsverhältnisse	a) Tag der Eintragung und Unterschrift b) Bemerkungen
		4	5	6	7
		Dobmaier Walter, Dipl.Ing., München.	Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Gerstenberg Bernhard, Aschheim; Dr. Grimm Axel, Stuttgart-Möhringen; Dr. Possberg Jobst, Köln (Longerich); Dr. Sieber Rolf, Burghausen; Kojer Hugo, Burghausen.	Dr. Adolff Peter ist nicht mehr Geschäftsführer. Dobmaier Walter wurde zum Geschäftsführer bestellt.	a) 21. Okt. 19[illegible] [signature]
			Die Prokura Dobmaier Walter ist erloschen.		a) 2. Dez. 1976 [signature]
			Prokura in der Weise, daß sie jeweils gemeinsam mit einem Geschäftsführer oder mit einem anderen Prokuristen vertreten: Braun Eugen, München; Dr. Kohl Johannes, Gröbenzell; Dr. Stroh Anton, München.	Die Gesellschafterversammlung vom 12. Mai 1977 hat die Neufeststellung der Satzung beschlossen.	a) 30. Juni 1977 [signature] b) Beschluß Bl. 12[illegible] SB
			Die Prokuren Schneider Albert und von der Osten Hans Helge sind erloschen.		a) 23. Nov. 19[illegible] [signature]
			Prokura zusammen mit einem Geschäftsführer oder einem weiteren Prokuristen: Feneberg Hermann, Eglharting. Die Prokura für Dr. Reiserer Walter ist erloschen.		a) 7. März [signature]

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1 Tag der Eintragung	2 Grund- oder Stammkapital DM	3 Vorstand, Persönlich haftender Gesellschafter, Geschäftsführer, Abwickler	4 Prokura	5 Rechtsverhältnisse	6 a) Tag der Eintragung und Unterschrift b) Bemerkungen
			Prokura gemeinsam mit einem Geschäftsführer oder einem Prokuristen: Dr. rer. nat. Dounchl Herbert, Ismaning; Dr. rer. nat. Kopp Erwin, München; Dr. rer. nat. Muschi Johann, München. Die Prokura für Dr. Freiesleben Werner ist erloschen.		a) 21. Juli 1978
			Die Prokuren Dr. Eber Rudolf und Pfeffermann Matthias sind erloschen.		a) 8. Aug. 1978
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: A r n o l d Manfred, Rosenheim; Fiedel Peter, Hörlkofen; Muthig Gerd, Vaterstetten; Schneider Manfred, München; Dr. Standlmaier Manfred, München; Dr. Wick Manfred, Schliersee.		a) 27. Dez. 1978 Irrtümlicher Doppeleintrag (s.E.4) Berichtigt am: 8. Januar 1979

DIE ÜBEREINSTIMMUNG DIESER FOTOKOPIE MIT DEM HANDELSREGISTER
WIRD BEGLAUBIGT.
Unterstreichungen erscheinen in der Fotokopie schwarz, aus
technischen Gründen aber nur undeutlich oder überhaupt
nicht.
München, den 20. Feb. 1979
GERICHT MÜNCHEN - Registergericht -
Justang. /Just.Sekr.
als Urkundsbeamter der Geschäftsstelle
Aktenzeichen: RR 6520 Ihr Zeichen:

Fortsetzung Rückseite

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4.2

4.2

April 15th, 1979

Commerzbank AG
New York Branch

Dresdner Bank AG
New York Branch

The First National Bank of Oregon

Re:

Gentlemen:

WHEREAS: You have agreed to finance the acquisition of certain facilities in Portland, Oregon, through the purchase of Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) and Industrial Development Bonds, 1979 Series (Wacker Siltronic Corporation Project) (collectively the "Bonds") from the Port of Portland, Oregon ("Port of Portland");

WHEREAS the Port of Portland has agreed to sell such facilities to Wacker Siltronic Corporation, a Delaware corporation, pursuant to Installment Sale Agreements, dated as of April 15, 1979 (collectively "Sale Agreement"), and

WHEREAS Wacker Siltronic Corporation is a wholly-owned subsidiary of Wacker Chemical Corporation, a New York corporation, which is in turn a wholly-owned subsidiary of the undersigned.

W I T N E S S E T H :

NOW, THEREFORE, in consideration of your purchase of the Bonds, the undersigned hereby agrees to the following:

1. The terms used herein unless otherwise in dicated herein shall have the meaning set forth in the Sale Agreement.

2. You may, at your option exercisable as set forth in Section 202 of Ordinance No. 245 and Section 202 of Ordinance No. 246 (enacted March 14, 1979 by the Port of Portland, upon receipt of the notice referred to in paragraph 3 below either (a) require the Port of Portland to redeem the Bonds on the next applicable Interest Payment Date without premium or penalty or (b) require the undersigned to provide you with Additional Security, as defined below.

3. You shall receive prompt written notice in the event that both of the conditions in either of subparagraphs (a) or (b) below exist or the condition in subparagraph (c) below exists:

(a) The undersigned shall own directly or indirectly less than 100% but more than 75% of the voting stock of Wacker Siltronic Corporation or its successors or assigns ("Siltronic") and Siltronic shall have a net worth, as determined in accordance with generally accepted accounting principles ("Net Worth"), of less than $6,000,000 or

(b) The undersigned shall own directly or indirectly less than 75% but more than 51% of the voting stock of Siltronic and Siltronic shall have a Net Worth of less than $10,000,000;

(c) The undersigned shall own directly or indirectly less than 51% of the voting stock of Siltronic.

4. Additional Security shall, at the undersigned's option, either consist of (i) an unconditional guarantee by the undersigned of the payments of outstanding principal and interest due on the Bonds or (ii) a first and prior mortgage and/or security interest in such part of Siltronic's plant and/or equipment (designated by the undersigned) which, on the date such mortgage or security interest is given, has a resale value (determined by an independent appraiser with a national reputation as an expert in the chemical industry) equal to the outstanding principal and interest due on the Bonds.

5. The termination date of the undersigned's agreement to the terms and provisions of this letter shall be the date upon which the principal and interest on the Bonds are repaid in full whether at maturity or otherwise.

6. Notwithstanding that the Sale Agreement and other documents related thereto are governed by the laws of the State of Oregon, the terms and provisions of this letter shall be governed by the laws of the Federal Republic of Germany.

WACKER CHEMIE GmbH

By _____

CERTIFICATE OF FIRST NATIONAL BANK OF OREGON AS TO AUTHORITY TO ACT AS TRUSTEE AND AUTHORIZATION OF CERTAIN OFFICERS TO PERFORM FIDUCIARY FUNCTIONS

I, James F. Light, Jr., Assistant Vice President and Assistant Secretary of First National Bank of Oregon (the "Bank") HEREBY CERTIFY as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Articles of Incorporation of the Bank as of the date hereof.

2. Attached hereto as Exhibit B are the By-laws of the Bank as of the date hereof.

3. Attached hereto as Exhibit C is a true copy of a certificate of the Comptroller of the Currency authorizing the Bank to exercise fiduciary powers with respect to bonds issued pursuant to a Bond Ordinance enacted March 14, 1979 by The Port of Portland, Oregon.

4. Attached hereto as Exhibit D is a true copy of a resolution authorizing certain officers to exercise trust functions.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the Bank as of the twenty-sixth day of April, 1979.

James F. Light, Jr.
Assistant Vice President and
Assistant Secretary

FIRST NATIONAL BANK OF OREGON
CHARTER NO. 1553
ARTICLES OF ASSOCIATION

FIRST. The title of this Association shall be "First National Bank of Oregon."

SECOND. The main office of this Association shall be in Portland, Multnomah County, Oregon. The general business of this Association shall be conducted at its main office and its branches.

THIRD. The Board of Directors of this Association shall consist of not less than five nor more than twenty-five shareholders, the exact number of Directors within such minimum and maximum limits to be fixed and determined from time to time by resolution of a majority of the full Board of Directors or by resolution of the shareholders at any annual or special meeting thereof. Unless otherwise provided by the laws of the United States, any vacancy in the Board of Directors for any reason, including an increase in the number thereof, may be filled by action of the Board of Directors.

FOURTH. The annual meeting of the shareholders for the election of Directors and the transaction of whatever other business may be brought before the meeting shall be held at the main office or such other place as the Board of Directors may designate, on the day of each year specified therefor in the Bylaws, but if no election is held on that day, it may be held on any subsequent day according to the provisions of law; and all elections shall be held according to such lawful regulations as may be prescribed by the Board of Directors.

Nominations for election to the Board of Directors may be made by the Board of Directors or by any shareholder of any outstanding class of capital stock of this Association entitled to vote for election of directors. Nominations, other than those made by or on behalf of the existing management of this Association, shall be made in writing and shall be delivered or mailed to the President of this Association and to the Comptroller of the Currency, Washington, D. C., not less than 14 days nor more than 50 days prior to any meeting of shareholders called for the election of directors, provided, however, that if less than 21 days' notice of the meeting is given to shareholders, such nomination shall be mailed or delivered to the President of this Association and to the Comptroller of the Currency not later than the close of business on the seventh day following the date the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the total number of shares of capital stock of this Association that will be voted for each proposed nominee; (d) the name and residence address of the notifying shareholder; and (e) the number of shares of capital stock of this Association owned by the notifying shareholder. Nominations not made in accordance herewith may, in his discretion, be disregarded by the chairman of the meeting and, upon his instructions, the vote tellers may disregard all votes cast for each such nominee.

FIFTH. The amount of the authorized capital stock of this Association shall be $53,131,490, divided into 5,313,149 shares of common stock of the par value of $10 each; but said capital stock may be increased or decreased from time to time in accordance with the provisions of the laws of the United States.

If the capital stock is increased by the sale of additional shares thereof, each shareholder shall be entitled to subscribe for such additional shares in proportion to the number of shares of said capital stock owned by him at the time the increase is authorized by the shareholders, unless another time subsequent to the date of the shareholders'

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meeting is specified in a resolution adopted by the shareholders at the time the increase is authorized. The Board of Directors shall have the power to prescribe a reasonable period within which the preemptive rights to subscribe to the new shares of capital stock must be exercised.

The Association, at any time and from time to time, may authorize and issue debt obligations, whether or not subordinated, without the approval of the shareholders.

SIXTH. The Board of Directors shall appoint one of its members President of this Association, who shall be Chairman of the Board unless the Board appoints another director to be the Chairman.. The Board of Directors shall have the power to appoint one or more Vice Presidents; and to appoint a Cashier and such other officers and employees as may be required to transact the business of this Association.

The Board of Directors shall have the power to define the duties of the officers and employees of this Association; to fix the salaries to be paid to them; to dismiss them; to require bonds from them and to fix the penalty thereof; to regulate the manner in which any increase of the capital of this Association shall be made; to manage and administer the business and affairs of this Association; to make all Bylaws that it may be lawful for them to make; and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform.

SEVENTH. The Board of Directors shall have the power to change the location of the main office to any other place within the limits of the City of Portland, Multnomah County, Oregon, without the approval of the shareholders but subject to the approval of the Comptroller of the Currency; and shall have the power to establish or change the location of any branch or branches of this Association to any other location without the approval of the shareholders but subject to the approval of the Comptroller of the Currency.

EIGHTH. The corporate existence of this Association shall continue until terminated in accordance with the laws of the United States.

NINTH. The Board of Directors of this Association, or any three or more shareholders owning, in the aggregate, not less than 25 percent of the stock of this Association, may call a special meeting of shareholders at any time. Unless otherwise provided by the laws of the United States, a notice of the time, place and purpose of every annual and special meeting of the shareholders shall be given by first-class mail, postage prepaid, mailed at least ten days prior to the date of such meeting to each shareholder of record at his address as shown upon the books of this Association.

TENTH. Any person, his heirs, executors, or administrators, may be indemnified or reimbursed by this Association for reasonable expenses actually incurred in connection with any action, suit, or proceeding, civil or criminal, to which he or they shall be made a party by reason of his being or having been a director, officer, or employee of this Association or of any firm, corporation, or organization which he served in any such capacity at the request of this Association: Provided, however, that no person shall be so indemnified or reimbursed in relation to any matter in such action, suit, or proceeding as to which he shall finally be adjudged to have been guilty of or liable for gross negligence, willful misconduct or criminal acts in the performance of his duties to this Association: And, provided further, that no person shall be so indemnified or reimbursed in relation to any matter in such action, suit, or proceeding which has been made the subject of a compromise settlement except with the approval of a court of competent jurisdiction, or the holders of record of a majority of the outstanding shares of this Association, or the Board of Directors, acting by vote of directors not parties to the same or substantially the same action, suit, or proceeding, constituting a majority of the whole number of directors. The foregoing right of indemnification or reimbursement shall not be exclusive of other rights to which such person, his heirs, executors, or administrators, may be entitled as a matter of law.

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This Association may, upon the affirmative vote of a majority of its Board of Directors, purchase insurance for the purpose of indemnifying its directors, officers and other employees to the extent that such indemnification is allowed in the preceding paragraph. Such insurance may, but need not, be for the benefit of all directors, officers, or employees.

ELEVENTH. These Articles of Association may be amended at any regular or special meeting of the shareholders by the affirmative vote of the holders of a majority of the stock of this Association, unless the vote of the holders of a greater amount of stock is required by law, and in that case by the vote of the holders of such greater amount.

(As completely revised at the annual meeting of shareholders held on the 22nd day of February, 1966; and as amended as to Article FIFTH, at the annual meeting of shareholders held on the 27th day of February, 1973, effective March 1, 1973; and as last amended as to Article TENTH at the annual meeting of shareholders held on the 24th day of February, 1976.)

BYLAWS

OF

FIRST NATIONAL BANK OF OREGON

SCOEPA00001455

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BYLAWS OF

FIRST NATIONAL BANK OF OREGON

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Section 1.1. Place of Meeting. All meetings of shareholders of this Association shall be held at its main office in the City of Portland, Oregon, or such other place as the Board of Directors may designate and as may not be contrary to the provisions of law or of the Articles of Association. The main office is located upon the two blocks bounded by S. W. Columbia and S. W. Jefferson Streets and S. W. Third and S. W. Fifth Avenues, and the address is 1300 S. W. Fifth Avenue, Portland, Oregon.

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Section 1.2. Annual Meetings. The annual meeting of the shareholders for the election of directors and for the transaction of such other business as may come before the meeting shall be held on the fourth Tuesday in March of each year. The meeting shall be held at 2:00 o'clock in the afternoon of said day unless a different time is stated in the notice.

If in any year no election of directors shall be held on the date herein designated for the annual meeting of shareholders, or at any adjournment of such meeting, such election may be held on any subsequent day in accordance with the provisions of the banking laws of the United States. All elections shall be held according to such regulations as may be prescribed by the Board of Directors, not inconsistent with law or the provisions of these Bylaws.

Every election of directors shall be managed by three judges who shall be appointed from among the shareholders by the Chairman of the meeting. The judges of election shall hold and conduct the election at which they are appointed to serve; and, after the election they shall file with the Secretary of the meeting a certificate under their hands, certifying the results thereof and the names of the directors elected.

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Section 1.3. Special Meetings. Special meetings of the shareholders for any purpose or purposes, unless otherwise prescribed by statute, may be called at any time (a) by any of the following officers (each to act in the order of priority of their respective offices), to-wit, the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Regional Vice President, or any Vice President, provided that, except in the absence of one or more of such officers in whom the right to make such call is vested, such call shall be made by said officers in the order of their respective designations above stated; or (b) by the Board of Directors; or (c) by one or more shareholders holding not less than 25% of the voting power of this Association.

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MEETINGS OF SHAREHOLDERS

Section 1.4. Notice of Meetings. Unless otherwise provided by the laws of the United States, a notice of the time, place and purpose of every annual and special meeting of the shareholders shall be given by first-class mail, postage prepaid, mailed at least ten days prior to the date of such meeting to each shareholder of record at his address as shown upon the books of this Association.

Whenever a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than 30 days, it shall not be necessary to give any notice of the time or place of the adjourned meeting or of the business to be transacted thereat other than by announcement at the meeting at which the adjournment is taken.

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MEETINGS OF SHAREHOLDERS

Section 1.5. Quorum. At each meeting of the shareholders, the holders of a majority of the issued and outstanding stock of this Association entitled to vote at such meeting shall be present either in person or by proxy to constitute a quorum for the transaction of business except where otherwise provided by law or by these Bylaws. In the absence of a quorum at any meeting or any adjournment thereof, the shareholders of this Association present in person or by proxy and entitled to vote, by majority vote, shall have the power to adjourn the meeting from time to time until shareholders holding the requisite amount of stock shall be present or represented. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called. The absence from any meeting of the holders of the number of shares required by law or by these Bylaws for action upon any given matter shall not prevent action at such meetings upon any other matter or matters which may properly come before the meeting, if the holders of the number of shares required in respect of such other matter or matters shall be present.

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ARTICLE I

MEETINGS OF SHAREHOLDERS

Section 1.6. Organization. At every meeting of the shareholders the following persons; namely, the Chairman of the Board, the Vice Chairman of the Board, or the President (the person holding the first priority to serve, if present, and if not present, the next in order to serve), or in the absence of all of such persons, a Chairman chosen by a majority vote of the shareholders present in person or by proxy and entitled to vote thereat, shall act as Chairman. The Secretary of the Bank shall act as Secretary at all meetings of the shareholders. In the absence from any such meeting of the Secretary of the Bank, the Chairman may appoint any person present to act as Secretary of the meeting.

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MEETINGS OF SHAREHOLDERS

Section 1.7. Voting. Save for the statutory right of shareholders to cumulate their votes for the election of directors, in deciding all questions at meetings of shareholders of this Association, each shareholder of this Association shall be entitled to one vote for each share of stock held by him and then registered in his name on the books of this Association, or if some record date is fixed for the determination of shareholders of record, then registered in his name on such record date. Any vote by stock may be given by the shareholder entitled thereto in person or by his proxy appointed by an instrument in writing, subscribed by such shareholder or by his attorney thereunto authorized and delivered to the Secretary of the meeting.

At all meetings of the shareholders, all matters (except where otherwise provided by law, the Articles of Association or these Bylaws) shall be decided by the vote of the holders of record of a majority of the shares of stock present in person or by proxy and entitled to vote thereat. Unless demanded by a shareholder present in person or by proxy at any meeting and entitled to vote thereon, the vote on any question need not be by ballot. Upon a demand by any such shareholder for a vote by ballot upon any question, such vote by ballot shall immediately be taken.

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Section 1.8. Determination of Shareholders of Record. The Board of Directors may fix a time in the future as a record date for the determination of the shareholders entitled to notice of and to vote at any meeting of shareholders or entitled to receive any dividend or distribution, or any allotment of rights, or to exercise rights in respect to any change, conversion or exchange of shares. The record date so fixed shall be not more than 50 days prior to the date of the meeting or event for the purposes for which it is fixed. When a record date is so fixed, only shareholders of record on that date are entitled to notice of and to vote at the meeting or to receive the dividend, distribution or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of this Association after the record date.

The Board of Directors may close the books of this Association against transfers of shares during the whole or any part of a period of not more than 50 days prior to the date of a shareholders' meeting, the date when the right to any dividend, distribution or allotment of rights vests, or the effective date of any change, conversion or exchange of shares.

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Section 2.1. General Powers. The property, affairs and business of this Association shall be managed by the Board of Directors. The Board of Directors shall have power and authority to make rules and regulations for the guidance of the officers and employees of this Association and the transaction of its business, not inconsistent with law, and subject to such laws may declare dividends; elect all officers, prescribe their duties and fix and change their compensation; call meetings of shareholders; fix and determine the rate of interest to be paid on deposits; regulate the deposit and withdrawal of funds; provide for the security of public deposits, make all Bylaws deemed necessary or proper for the general regulation of this Association and the management and administration of its affairs within the limitations prescribed by law; and generally to exercise all powers necessary for the transaction of the business of this Association. Nothing herein contained shall limit or restrict the powers conferred by law and the Articles of Association of this Association upon the Board of Directors.

In the event of an emergency declared by the President of the United States or the person performing his functions, the officers and employees of this Bank shall continue to conduct the affairs of the Bank under such guidance from the directors as may be available for the purpose, except as to matters which by statute require specific approval of the Board of Directors, subject at all times to conformance with any governmental directives during the emergency.

SCOEPA00001466

BOARD OF DIRECTORS

Section 2.2. Number. The Board of Directors of this Association shall consist of such number of its shareholders, not less than five nor more than twenty-five, as from time to time shall be determined by the shareholders or by the Board of Directors, between meetings of the shareholders, in the manner provided by the Articles of Association and by the provisions of law applicable thereto.

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Section 2.3. Qualification, Election and Term of Office. Directors shall be shareholders and each director shall hold stock of this Association of a par value then meeting the requirements of the National Bank Act. Directors shall be elected at the annual meeting of the shareholders or at any special meeting of the shareholders, or by the Board of Directors to fill vacancies, as provided by law or by these Bylaws. Each director shall take and subscribe his oath of office in form and manner required by law before entering upon his duties as such director.

At each annual election each director shall be elected to hold office for one year and until his successor is elected and has qualified, or until his death, or until he shall resign or shall have become disqualified or shall have been removed from office. Any director who fails to own stock of this Association in the amount and manner provided by the National Bank Act shall be disqualified and, without the necessity of any formal resignation, shall cease to be a director, provided that no action of the Board of Directors, based upon the vote or written consent of such disqualified director, shall be invalidated by reason of such disqualification until notice of such disqualification shall have been served upon or come to the attention of the Board of Directors.

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Section 2.4. Quorum and Manner of Acting. A majority of all the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting and, except as otherwise expressly provided by law or by these Bylaws, the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum a majority of the directors present, or if only one director shall be present, such director, may adjourn any meeting to a day certain or from day to day or from time to time until a quorum is in attendance. Notice of an adjourned meeting need not be given, except as required by law.

In the event of an emergency declared by the President of the United States or the person performing his functions, a majority of the number of directors that may be available for the transaction of business shall constitute a quorum and be vested with all the powers of this Board, except as to matters which by statute require specific approval of a designated number of directors.

SCOEPA00001469

Section 2.5. First Meeting. The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business as soon as practicable after each annual election of directors on the same day and at the same place at which the shareholders' meeting at which they have been elected has been held or, if permitted by law, as may be otherwise provided by vote of the shareholders at said shareholders' meeting. Notice of such meeting need not be given.

Section 2.6. Regular Meetings. Regular monthly meetings of the Board of Directors shall be held on the fourth Tuesday of each month, other than the month of March, at the hour of 2:00 o'clock p.m., at the main office of this Association at 1300 S. W. Fifth Avenue in the City of Portland, State of Oregon, or at such other place or places in the State of Oregon as may be authorized as hereinafter provided. The March meeting shall be held immediately following the annual meeting of the shareholders in accordance with the provisions of Section 2.5 of this Article. When any regular meeting of the Board of Directors falls on a holiday, such meeting shall be held upon such other day as the Board of Directors may previously designate by resolution, and if no such other day be designated the said meeting shall be held on the day immediately following the holiday or holidays.

Any regular meeting of the Board of Directors may be held at any other time or place in the State of Oregon when authorized by the Board of Directors at any prior regular or special meeting or by the Chairman of the Board, the Vice Chairman of the Board or the President after the adjournment of such meeting. Notice of regular meetings of the Board of Directors need not be given unless a different time or place for such meeting, other than that prescribed in the first paragraph of this Section, shall have been designated in accordance with the provisions hereof, in which event notice of such meeting, stating the time and place thereof, shall be given in the manner required for notices of special meetings, except that the purpose of the meeting need not be stated.

Section 2.7. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or by any of the following officers (each to act in the order of priority of his respective office), to-wit: the Vice Chairman of the Board, the President, or any Executive Vice President; and special meetings of the Board of Directors shall be called by the Chairman of the Board or by any of said officers at the written request of three or more directors. Special meetings shall be held at the main office of this Association at 1300 S. W. Fifth Avenue in the City of Portland, State of Oregon, or at such other place in the State of Oregon as may be specified in the notice thereof.

SCOEPA00001472

Section 2.8. Special Meetings - Notice. Notice of special meetings shall be given by written or printed notice served on each director personally, or by leaving the same at his place of business or residence, or by mailing the same in the City of Portland, State of Oregon, with the postage thereon fully prepaid, addressed to the director at his last known place of business or residence, or by telegraphing the same to the director at his last known place of business or residence at least 24 hours before the hour appointed for holding such meeting. Such notice may also be given orally, or by telephone, provided such notice is confirmed in writing.

Said notice shall state the time, place and purpose of the meeting. A record of such notice, by whom given and the manner in which given shall be entered upon the minutes of any special meeting of the Board of Directors, and the said minutes on being read and approved at any subsequent meeting of the Board shall be conclusive upon the question of service.

The attendance of any director at any regular or special meeting of the Board of Directors, or a prior or subsequent consent thereto, shall constitute a waiver of any such notice and a consent to the holding of such meeting and to the consideration and action upon all matters which may come before such meeting.

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Section 2.9. Organization. The Chairman of the Board of Directors shall be elected by a majority of the directors at the annual organization meeting.

At any meeting of the Board of Directors the following persons (each, if present, being entitled to act in the order of priority as hereinafter set forth) to-wit: the Chairman of the Board, the Vice Chairman of the Board, the President or in the absence of all of such persons, a director to be chosen by a majority of the directors present, shall act as Chairman. The Secretary of the Bank, or in his absence such person as may be designated by the Chairman, shall act as Secretary of the meeting.

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Section 2.10. Order of Business. At all meetings of the Board of Directors business shall be transacted in such order as the Board of Directors may from time to time by resolution determine, or in the absence of such determination as the Chairman of the meeting may determine. The minutes of meetings of the Executive Committee held since the last meeting of the Board of Directors shall be read at length and notation of such reading shall be entered upon the minutes of the Board of Directors.

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Section 2.11. Resignations. Any director of this Association may resign at any time by giving notice to any of the following persons, to-wit: the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive Vice President, or to the Secretary of this Association. The resignation of any director shall take effect at the date of receipt of such notice or at any later date specified therein. Unless otherwise specified therein, the acceptance of such resignation by the Board of Directors shall not be necessary to make it effective.

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BOARD OF DIRECTORS

Section 2.12. Vacancies. Any vacancy in the Board of Directors caused by death, resignation, removal, or any other cause, including disqualification as provided in Article II, Section 2.3 of these Bylaws, shall be filled by a majority vote of the remaining directors in office, though less than a quorum, or by a sole remaining director, provided that any vacancy not filled by the directors may be filled at any special meeting of shareholders by vote of shareholders entitled to exercise a majority of the voting power of this Association. Each director so elected shall hold office for a term to expire at the next annual election of directors and until his successor shall be duly elected and qualified, or until his death, or until he shall resign or shall have become disqualified or shall have been removed from office in the manner herein provided. During the existence of any vacancy, howsoever caused, the remaining directors shall possess and exercise all of the powers of the Board of Directors.

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Section 2.13. Compensation. Directors, other than salaried officers, shall receive such compensation as may be fixed by the Board of Directors. Directors may receive compensation, fees and reimbursement of expenses as herein provided for services on the Executive Committee or on any other Committee of the Board or for any special services rendered upon and under the directions of the Board. Any director living outside of the County of Multnomah shall be entitled to reimbursement for all expenses incurred by him in attending meetings of the Board, the Executive Committee or any other Committee of which he may be a member, subject to the right of the Board to fix the maximum aggregate amount of all such expenses of any one director. No director of this Association who receives any salary as an officer thereof shall receive any per diem or other compensation for attending any meeting of the Board of Directors or of the Executive Committee, or of any other Committee. The Board of Directors shall have power to fix the compensation of all officers and employees of this Association.

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Section 2.14. Advisory Directors. In addition to the members of the Board of Directors to be elected in the manner, with the power and authority and for the purposes stated in this Article, the Board of Directors shall be and is authorized to appoint such number of Advisory Directors of this Association as the Board, in its discretion, may deem appropriate.

The Advisory Directors may, but need not, attend meetings of the Board of Directors but shall act in an advisory capacity only, without authority to vote and without responsibility for the management of the affairs of the Bank. They may also serve in the same advisory capacity on any Directors' Committee to which they may be appointed. They shall be entitled to such fees and travel expenses, whether for attendance at meetings of the Board of Directors or of any Committees appointed by the Board, as the Board of Directors may from time to time prescribe.

The term of office of Advisory Directors shall correspond to the term of office of the members of the Board of Directors by which they were appointed, but shall be subject to termination at any time at the pleasure of the Board. The Advisory Directors may resign at any time in the manner prescribed by Section 2.11 of this Article.

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Section 3.1. Executive Committee. During the intervals between the meetings of the Board of Directors the general management and conduct of this Association shall be vested in the Executive Committee. The Executive Committee shall be composed of five or more directors as the Board of Directors may from time to time designate and appoint. The Chairman of the Board and the Vice Chairman of the Board shall each be a member of the Executive Committee by virtue of his office. All members of the Executive Committee shall enjoy the same privilege of voice and vote and shall have the same rights and duties.

The Executive Committee shall hold regular and special meetings at such time and place and upon such notice as may be determined by the Committee and shall keep true and correct minutes of all meetings. Special meetings may be called by the Chairman of the Board, the Vice Chairman of the Board, or by any three members of said Committee. The Chairman of the Board shall preside at all meetings of the Executive Committee, if present, and, if not present, the Vice Chairman of the Board shall preside.

Subject to the review of its actions by the Board of Directors, the Executive Committee shall decide all questions of policy and personnel including, but not limited to, all proposed changes in the Bank's salary program and salary structure, and shall have general management of the affairs of this Association, except the power to perform such functions as the Board itself is charged with the duty of exercising by applicable statutes or by the rulings or regulations of federal supervising agencies or by generally accepted corporate practice, including, but not limited to, the declaration of dividends and the adoption, amendment or repeal of Bylaws.

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the Executive Committee shall file with the Board copies of all minutes of all meetings of such Committee held subsequent to the last preceding meeting of the Board.

In the event of a state of disaster of sufficient severity to prevent the conduct and management of the affairs and business of this Bank by its directors and officers as contemplated by these Bylaws, and in the event of the unavailability, at such time, of a minimum of two members of the then incumbent Executive Committee, as provided in Section 3.6 of this Article, any three available directors shall constitute the Executive Committee for the full conduct and management of the affairs and business of this Bank, including, but not limited to, all the powers reserved to or vested in the Trust Committee as well as the Executive Committee.

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COMMITTEES

Section 3.2. Examining Committee. There shall be appointed by the Board of Directors an Examining Committee consisting of such number of directors as the Board of Directors may decide upon and appoint, but in no event consisting of less than three members. No member of the Examining Committee shall be an officer of this Association.

Subject to the right of the Examining Committee to use reports of examinations and other information and data submitted to it by the Examining Department of this Bank and the National Bank Examiners, the Examining Committee shall examine all the affairs of this Association and perform such other duties as the Board of Directors or the Executive Committee may from time to time assign to it.

The Examining Committee shall report to the Board of Directors at each regular meeting of the Board, but in any event at least once each month. The Examining Committee shall have the power to employ such assistance in the performance of its duties as it may deem necessary.

SCOEPA00001482

COMMITTEES

Section 3.3. Trust Committee. The Board of Directors shall appoint a Trust Committee, to consist of not less than three Directors of this Association other than active officers. Officers of the Association may also serve on this Committee at the discretion of the Board. The duties, responsibilities and functions of this Committee shall be as follows:

(1) To review and evaluate the general policies relating to the conduct of the Trust Division, the investment of trust funds and the disposition of all trust assets;

(2) To be responsible for review of the acts of the Trust Investment Committee and the Trust Acceptance Committee;

(3) To appoint such sub-committees with such power and authority, duties and responsibilities as it may deem appropriate for the accomplishment of the purposes herein authorized; and

(4) To hold formal meetings as a Committee; to maintain separate minutes of all meetings and to include therein information concerning members present, members absent and a record of voting upon each matter considered by the Committee; to file with the Board of Directors copies of all minutes and such reports and recommendations as the Board may request, or as the Committee may consider necessary or proper.

SCOEPA00001483

Section 3.4. Personnel and Salary Committee. There shall be appointed by the Board of Directors a Personnel and Salary Committee to consist of not less than three Directors. The Chairman of the Board shall be a member of the Committee by virtue of his office and shall be Chairman thereof. The duties, responsibilities and functions of this Committee shall be as follows:

(1) To consider and recommend to the Board or the Executive Committee any changes in the salary compensation, titles or positions of such officers as the Committee may deem appropriate;

(2) To review and evaluate at reasonable intervals the salary administration and job evaluation program of this Association, and to consider, act upon and recommend to the Board or the Executive Committee, when deemed appropriate, any recommendations of Management with reference to proposed revisions in salary rates or methods of compensation of members of the Bank staff;

(3) To consider, evaluate and recommend to the Board or the Executive Committee, when deemed appropriate, any recommendations of Management pertaining to new personnel policies and programs, or changes in existing policies and programs, including, but not limited to, a full range of employee benefit plans which will promote higher levels of staff morale resulting in higher degrees of productivity and efficiency;

(4) To be responsible for review of all loans obtained by executive officers from this Association and for review of all reports of executive officers of loans obtained from other banks; and

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(5) To hold formal meetings as a committee at such times as may be determined by it and to prepare and file with the Board or the Executive Committee such reports and recommendations, at any time or from time to time, as the Committee may consider necessary or proper in the accomplishment of the purposes hereinabove stated.

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COMMITTEES

Section 3.5. Other Committees. The Board of Directors or the Executive Committee or, pursuant to the authority of the Board of Directors or the Executive Committee, the Chairman of the Board may from time to time create and appoint any other Committee or Committees, or Subcommittee or Subcommittees, whether composed of directors, officers or employees, with such duties, responsibilities and authority as may be prescribed by the Board of Directors or the Executive Committee, or by the Chairman of the Board pursuant to the authority of the Board of Directors or of the Executive Committee.

A majority of all the members of any such Committee or Subcommittee may determine its action and fix the time and place of its meetings. The Board of Directors, or any of said officers upon whom authority has been conferred by the Board to appoint such Committee or Subcommittee, shall have power to change the members of any such Committee or Subcommittee, respectively, at any time, to fill vacancies, and to dissolve any such Committee or Subcommittee, respectively, at any time. Any Committee may appoint one or more Subcommittees, of its own members, to advise with such Committee, or to apportion the work of such Committee.

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Section 3.6. Quorum. A majority of all the members of any Committee, if an odd number, or fifty per cent thereof if an even number, exclusive of ex-officio members, if any, shall constitute a quorum for the transaction of business at any meeting, provided that if any ex-officio members are present, he or they shall be included in the determination of the quorum and in the number required for that purpose. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of the Committee unless otherwise prescribed by resolution of the Board of Directors or of the Executive Committee.

In the absence of a quorum a majority of the members present, or if only one member is present, such member, may adjourn any meeting to a day certain or from time to time until a quorum is in attendance. Notice of an adjourned meeting need not be given.

In the event of a state of disaster of sufficient severity to prevent the conduct and management of the affairs and business of this Bank by its directors and officers as contemplated by these Bylaws, any two or more available members of the then incumbent Executive Committee shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of this Bank in accordance with the provisions of Section 3.1 of this Article.

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ARTICLE IV

OFFICERS

Section 4.1. Number and Titles--Authorized Signers. The officers of this Association shall be a Chairman of the Board, a Vice Chairman of the Board, a President, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Regional Vice Presidents, one or more Vice Presidents, one or more Assistant Vice Presidents, a Secretary, one or more Assistant Secretaries, a Cashier, one or more Assistant Cashiers, an Executive Trust Officer, a Senior Trust Officer, one or more Trust Officers, one or more Assistant Trust Officers, a Comptroller, one or more Assistant Comptrollers, a Corporate Counsel, one or more Associate Corporate Counsels, a General Auditor, a Chief Examiner, one or more Senior Examiners, one or more Examiners, and EDP Auditor, a Trust Auditor, one or more Assistant Auditors, one or more Investment Officers, one or more Assistant Investment Officers, one or more Managers of Offices, and this Association may also have, at the discretion of the Board of Directors or the Executive Committee, Assistant Managers of Offices and such other officers, including pro-assistant, as the Board or the Executive Committee may by resolution create or as may be elected or appointed in accordance with the provisions of Section 4.2 of this Article IV

Any of the above mentioned offices may be left vacant at any time or from time to time, subject to being filled in the discretion of the Board of Directors or of the Executive Committee. The Chairman of the Board, the Vice Chairman of the Board and the President shall each be a member of the Board of Directors. It shall not be necessary for any other officers of this Association to be members of the Board of Directors.

The Board of Directors or the Executive Committee, from time to time, may authorize any person or persons to execute instruments, documents or agreements on behalf of this Association as "Authorized Signer" and such person or persons shall have such authority and duties as may be prescribed from time to time by the Board of Directors, the Executive Committee or the Chairman of the Board.

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OFFICERS

Section 4.2. Election or Appointment. The officers shall be elected or appointed by the Board of Directors at the first meeting after the election of the Board and shall hold office during the pleasure of the Board. Other officers, either in addition to or in place of officers elected or appointed at the first meeting of the Board, may also be elected or appointed by the Board of Directors or by the Executive Committee at any regular or special meeting during the year.

Notwithstanding anything to the contrary in these Bylaws contained, the Chairman of the Board may, in the interim between meetings of the Board of Directors or of the Executive Committee, make appointments pro tem to the offices of Assistant Secretary, Assistant Cashier, Assistant Trust Officer, Assistant Comptroller, Assistant Examiner, Assistant Auditor, Assistant Investment Officer, Manager of Offices or Assistant Manager of Offices, either for the purpose of filling a vacancy or of increasing the number of officers, which appointees shall hold office until the next regular or special meeting of the Executive Committee or of the Board of Directors, either of which bodies may in its discretion approve or disapprove any such appointments.

SCOEPA00001489

OFFICERS

Section 4.3. Duties and Bonds. One person may hold more than one office, except that one person may not at one time hold both offices of President and Vice President or of President and Secretary. When the signature of two officers are required, a person holding two offices shall act or sign only in his capacity as one of such officers.

The duties and authority of the officers of this Association, other than as provided by law or specifically set forth in these Bylaws, shall be such as have been or may be prescribed and established by the Board of Directors or the Executive Committee at any time or from time to time.

The Board of Directors shall provide for such fidelity insurance and surety bonds covering the officers and employees of this Association as it may determine to be prudent and advisable in the interests of this Association.

SCOEPA00001490

Section 4.4. Chairman of the Board. The Chairman of the Board shall be the chief executive officer of this Association with general executive supervision of its business and affairs. He shall be ex officio a member of all committees except any committees upon which officers of this Association are prohibited by law or these Bylaws from serving.

SCOEPA00001491

Section 4.5. Vice Chairman of the Board. The Vice Chairman of the Board shall have such powers and authority as may be prescribed by the Board of Directors, the Executive Committee or the Chairman of the Board.

SCOEPA00001492

Section 4.6. President. The President shall have such powers and authority as may be prescribed by the Board of Directors, the Executive Committee or the Chairman of the Board.

SCOEPA00001493

Section 4.7. Executive Vice Presidents. The Executive Vice Presidents shall perform all the duties and exercise all the powers of the Senior Vice President, the Regional Vice President and the Vice President which have been or may be given to the offices of Senior Vice President, Regional Vice President and Vice President by these Bylaws or by resolution of the Board of Directors or of the Executive Committee. Wherever in these Bylaws or in any resolution of the Board of Directors or of the Executive Committee, or in any other manner, a duty is or has been imposed upon, or a power is or has been granted to, a Senior Vice President, a Regional Vice President or a Vice President, it shall be deemed likewise imposed upon or granted to an Executive Vice President unless a contrary intent expressly appears.

The Executive Vice Presidents shall also perform such other duties as are or may be imposed upon them by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001494

Section 4.8. Senior Vice Presidents. The Senior Vice President shall perform all the duties and exercise all the powers of the Regional Vice President and the Vice President which have been or may be given to the offices of Regional Vice President and Vice President by these Bylaws or by resolution of the Board of Directors or of the Executive Committee. Wherever in these Bylaws or in any resolution of the Board of Directors or of the Executive Committee, or in any other manner, a duty is or has been imposed upon, or a power is or has been granted to a Regional Vice President or a Vice President, it shall be deemed likewise imposed upon or granted to the Senior Vice President unless a contrary intent expressly appears.

The Senior Vice Presidents shall also perform such other duties as are or may be imposed upon them by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001495

Section 4.9. The Vice Presidents. Any of the Vice Presidents, one or more of whom may be designated Regional Vice President, irrespective of his rank and of the presence or absence of the President, shall execute and deliver such documents and perform such duties as may be authorized or prescribed by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001496

Section 4.10. The Assistant Vice Presidents. The Assistant Vice Presidents shall perform such special duties as may be required of them by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001497

Section 4.11. The Secretary. The Secretary shall act as Secretary of all meetings of the shareholders, the Board of Directors and the Executive Committee, and shall perform such other duties as may be imposed upon or assigned to him by law or from time to time by the Board of Directors, the Executive Committee or the Chairman of the Board.

The Board of Directors may also appoint one or more Assistant Secretaries who shall generally assist the Secretary and perform such other or further duties as may be prescribed by the Board of Directors, the Executive Committee or the Chairman of the Board.

SCOEPA00001498

OFFICERS

Section 4.12. The Cashier. The Cashier shall be responsible for the Bank's compliance with Federal or State statutes and regulations; for the issuance of circulars, Standard Practice Manual sheets and other official communications. He shall provide suitable controls and review of operations and maintain adequate research in the area of procedures and systems and shall maintain adequate insurance coverage to protect the bank. He shall likewise perform such other duties and have such other powers as may be prescribed from time to time by the Board of Directors, the Executive Committee, or the Chairman of the Board.

Any other officers who have been designated by the Board of Directors or the Executive Committee or by the Chairman of the Board shall assist the Cashier in the performance of his duties. In the absence of the Cashier or his inability to act, his duties may be performed by any officer who shall have been designated by the Board of Directors, the Executive Committee, or by the Chairman of the Board as the acting Cashier to serve in place and instead of the Cashier during such period.

SCOEPA00001499

OFFICERS

Section 4.13. The Trust Officers. The Trust Officers and Assistant Trust Officers shall, generally, perform the duties usually and customarily performed by the Trust Officer according to established and proper banking usage, within the limitations of the law and regulations applicable thereto. Trust Officers may be designated as Executive Trust Officer or Senior Trust Officer. The Assistant Trust Officers shall assist the Trust Officer. They shall perform such special duties as may be required of them by the Board of Directors, the Executive Committee or the Chairman of the Board.

Any Trust Officer or any Assistant Trust Officer shall have the right to sign as Trust Officer and Assistant Trust Officer, respectively, any and all checks, vouchers and drafts, and to execute all receipts and other instruments in writing, necessary in the conduct of the Trust Division.

SCOEPA00001500

OFFICERS

Section 4.14. General Auditor - Chief Examiner - Senior Examiners - Examiners - EDP Auditor - Trust Auditor - Assistant Auditors. The Board of Directors shall appoint a General Auditor, a Chief Examiner, one or more Senior Examiners, an EDP Auditor, a Trust Auditor, and one or more Assistant Auditors with such powers and duties as may be prescribed by the Board of Directors or the Examining Committee.

The General Auditor, Chief Examiner, Senior Examiners, Examiners, EDP Auditor, Trust Auditor, and Assistant Auditors shall be accountable only and subject to instructions of the Board of Directors or the Examining Committee. It shall be the responsibility of the above named officers to audit or cause to be audited or examined all of the books, accounts and loans of this association, including Headquarters, Head Office and the various branch offices and departments thereof, not less frequently than once in each period of 15 months. Reports of such audits and examinations shall be filed with the Examining Committee of the Board of Directors and copies shall be filed simultaneously with the Chairman of the Board and such officers as may be designated by the Chairman of the Board.

SCOEPA00001501

Section 4.15. Managers of Offices. Managers of Offices shall have general executive supervision over the business and affairs of their respective offices in accordance with the general policies and practices established by the Board of Directors and under the general direction of the Regional Vice President in charge of their region.

In the absence or inability to act of any Manager of an Office, his duties may be performed by an Assistant Manager of that office or by such other officer as may be designated for that purpose by the Regional Vice President in charge of the region in which such office is located.

SCOEPA00001502

Section 4.16. The Comptroller. The Comptroller shall be responsible for the Bank's Central Accounting; control reports; budgets; tax accruals; financial reports to management, directors and supervisory authorities; cost accounting and analysis and financial evaluations. He shall also perform such other duties and have such other powers as may be prescribed from time to time by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001503

OFFICERS

Section 4.17. The Corporate Counsel. The Corporate Counsel shall perform such special duties as may be required of him by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001504

Section 4.18. The Assistant Corporate Counsels. The Assistant Corporate Counsels shall perform such special duties as may be required of them by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001505

CONVEYANCES AND TRANSFERS

Section 5.1. Conveyances and Transfers. Authority to convey real property, transfer personal property, sign, execute and deliver deeds, leases, contracts, notes, negotiable instruments, agreements and all other written instruments and documents for and on behalf of this Association, other than as set forth in these Bylaws or as prescribed by law, may be prescribed by resolutions adopted by the Board of Directors of this Association from time to time.

SCOEPA00001506

BANKING HOURS

Section 6.1. Banking Hours. This Association and the various offices thereof shall be open for business on such days of the year, excepting those days designated by the laws of the State of Oregon as "Legal Holidays" on which banks are required to remain closed, and during such hours of the day as the Board of Directors or the Executive Committee may prescribe, it being understood that such days or hours of the day on which the various offices of this Bank close or remain open for business may be varied depending upon the circumstances, provided only that the days and hours thereof so prescribed shall conform to the laws of the State of Oregon with reference thereto.

SCOEPA00001507

WAIVER OF NOTICE

Section 7.1. Waiver of Notice. Whenever any notice whatever is required to be given by law or by these Bylaws or the Articles of Association, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to such notice.

SCOEPA00001508

ARTICLE VIII

SHARES OF STOCK AND THEIR TRANSFER

Section 8.1. Certificates of Stock. Certificates for shares of capital stock of this Association shall be in such form as shall be approved by the Board of Directors. Such certificates shall be signed by the Chairman of the Board, the Vice Chairman of the Board, the President or any Executive Vice President and by the Cashier or any Assistant Cashier and shall bear the seal of this Association or a facsimile thereof. The signatures of such officers thereon may be facsimiles. In case any such officer who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such before such certificate is issued, it may be issued by this Association with the same effect as if such officer had not ceased to be such at the time of its issue. In case of a lost, stolen or destroyed certificate, a new one may be issued therefor upon such terms and indemnity to this Association as the Board of Directors may prescribe.

SCOEPA00001509

SHARES OF STOCK AND THEIR TRANSFER

Section 8.2. Transfer of Stock. Transfer of shares of capital stock of this Association shall be made only on the books of the Association by the registered holder thereof or by his attorney thereunto authorized by power of attorney duly executed, and on surrender of the certificate or certificates of such shares properly endorsed or accompanied by a proper instrument of transfer. The Board of Directors may make such additional rules and regulations as it may deem expedient concerning the issue, registration, transfer and replacement of certificates for shares of capital stock of this Association and may appoint one or more transfer agents, transfer clerks or registrars. This Association shall be entitled to treat the holder of record of any share or shares of capital stock as the owner thereof in fact.

SCOEPA00001510

SHARES OF STOCK AND THEIR TRANSFER

Section 8.3. Closing of Transfer Books. The transfer books may be closed for the purposes of any meeting of shareholders or the payment of dividends or for any other purpose, at such time and for such period not exceeding 50 days, as the Board of Directors may direct. In lieu of closing the transfer books, the Board of Directors may in its discretion fix a day and hour not more than 50 days prior to the day designated for the holding of any meeting of the shareholders or the day appointed for the payment of any dividends or for any other purpose as the time as of which shareholders entitled to notice of and to vote at such meeting or to receive such dividend or to be treated as shareholders for such other purpose shall be determined, and only shareholders of record at such time shall be entitled to notice of or to vote at such meeting or to receive such dividends or to be treated as shareholders for such other purpose.

SCOEPA00001511

ARTICLE IX

SEAL

Section 9.1. Seal. The seal of the Association shall be in the form impressed on the margin of this Article IX. In the execution on behalf of this Association of any instrument, document, writing, notice or paper it shall not be necessary to affix the corporate seal of this Association thereon, and any such instrument, document, writing, notice or paper when executed without said seal affixed thereon shall be of the same force and effect and as binding on this Association as if said corporate seal had been affixed thereon in each instance. Said seal, if required, may be affixed, imprinted or reproduced by facsimile on any instrument or document, including certificates for shares of stock of this Association.

SCOEPA00001512

AMENDMENTS TO BYLAWS

Section 10.1. Amendments to Bylaws. These Bylaws may be altered, amended or repealed, or new Bylaws may be adopted, by the Board of Directors at any regular meeting of the Board, without prior notice, or at any special meeting called for the purpose.

SCOEPA00001513

Comptroller of the Currency

TREASURY DEPARTMENT

OF THE UNITED STATES

Washington, D. C.

Pursuant to authority vested in the Comptroller of the Currency by the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 U.S.C. 92a

FIRST NATIONAL BANK OF OREGON

located in Portland, Oregon, has been granted the right to act as Trustee, Executor, Administrator, Registrar of stocks and bonds, Guardian of estates, Assignee, Receiver, Committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with National Banks, are permitted to act under the laws of the State of Oregon. The exercise of such rights shall be subject to regulations prescribed by the Comptroller of the Currency.

IN TESTIMONY WHEREOF, witness my signature and seal of office this twelfth day of February, 1964

Comptroller of the Currency

CERTIFIED TO BE A TRUE AND CORRECT COPY OF THE ORIGINAL DOCUMENT

FIRST NATIONAL BANK OF OREGON

BY _____

ASSISTANT TRUST OFFICER

SCOEPA00001514

RESOLVED that any two of the following, to-wit: the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Regional Vice President, any Vice President, any Assistant Vice President, the Secretary, the Cashier, the Comptroller, any Senior Trust Officer, any Trust Officer, and the Manager of any branch, or any one of them in conjunction with any Assistant Cashier, any Assistant Secretary, any Assistant Comptroller, any Assistant Trust Officer, any Investment Officer, any Assistant Investment Officer, or any Assistant Manager of any branch, be and they are hereby authorized and empowered for and on behalf of this association to make, execute and deliver letters of credit, letters of indication for travelers' letters of credit, acceptances and all other instruments involving payments, transfers of funds or delivery of securities, except as hereinafter provided.

RESOLVED FURTHER, that the following, to-wit: the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Regional Vice President, any Vice President, any Assistant Vice President, the Secretary, the Cashier, the Comptroller, any Senior Trust Officer, any Trust Officer, any Assistant Cashier, any Assistant Secretary, any Assistant Comptroller, any Assistant Trust Officer, any Investment Officer, any Assistant Investment Officer, any Manager or Assistant Manager of any branch of this association or any other person or persons from time to time by this Board or the Executive Committee authorized to execute documents as "Authorized Signer," be and each of them is hereby authorized and empowered for and on behalf of this association:

(a) to make, execute and deliver any certified checks, cashier's checks or similar items, domestic drafts, foreign drafts, mail payment orders, authorizations to charge this association's due from accounts in settlement of foreign collections, certificates of deposit, bills of exchange and advices thereof, foreign exchange contracts, contracts relating to loans, contracts relating to deposits, contracts relating to purchase or sale of personal property, releases, satisfactions, assignments, reassignments, reconveyances or transfers of any mortgages, deeds of trust, contracts of sale, bonds, certificates of stock, judgments, certificates of sale issued by public officers, instruments, statements or obligations of any kind concerning or affecting personal property now or hereafter held by the Bank in its corporate capacity, cards or letters of introduction and confirmation thereof, confirmations of telegraphic transfers, orders on warehouses for delivery of goods, and endorsements on bills of lading, warehouse receipts, insurance certificates or policies or other instruments of a similar nature; and

(b) to witness the execution and acknowledgment of the assignement of any United States registered bond or note or any other bond or note and of any certificates of stock, and to guarantee the signature on any assignment of any United States registered bond or note or any other bond or note or of any stock certificate, and to witness the execution and acknowledgment of any other document or instrument which the law permits to be witnessed by an officer of a bank, and to guarantee the signatures or endorsements thereon.

RESOLVED FURTHER, that the following officers of this association, to-wit: the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Regional Vice President, any Vice President, any Assistant Vice President, the Secretary, the Cashier, the Comptroller, any Assistant Secretary, any Assistant Comptroller, any Senior Trust Officer, any Trust Officer, any Assistant Trust Officer, any Investment Officer, any Assistant Investment Officer, and any Assistant Cashier be and each of them is hereby authorized and empowered for and on behalf of this association to execute or countersign in any fiduciary capacity any certificates of beneficial interest, voting trust certificates, certificates of deposit for bonds or stocks of a corporation, notes and debentures, to authenticate or

SCOEPA00001515

certify in any fiduciary capacity any interim receipts, bonds, debentures, collateral trust notes, participation certificates, mortgage notes, certificates of beneficial interest or other evidences of indebtedness and to countersign any certificates of stock as registrar or transfer agent.

RESOLVED FURTHER, that in the execution, countersigning, authentication or certification of any of the documents mentioned in any of the foregoing resolutions the officers and other persons herein authorized to perform such functions may adopt or use the signing title "Authorized Signer," and that such designation may also be used by such individuals as may be subsequently authorized from time to time by this Board or the Executive Committee to execute any of the documents herein described or referred to:

RESOLVED FURTHER, that the Chairman of the Board of this Bank is authorized to execute and deliver the "Authorization Letter to Our Correspondents," outlining the authority vested in such officers and other persons by these resolutions.

BE IT FURTHER RESOLVED that the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Regional Vice President, any Vice President and the Cashier of this Bank, or any of them, acting for and on behalf of this Bank, be and they are hereby authorized and empowered to execute and deliver to the correspondents of this Bank and to any others who may be interested therein or affected thereby any revision or revisions of authorized signatures from time to time as occasion requires and as in their discretion may be reasonably necessary or proper.

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Digest of Authorization	Authority Delegated to
Authorizes execution of letters of credit, acceptances and similar instruments involving payments, deliveries or transfers of funds or securities.	All officers from Chairman of the Board to and including Assistant Cashiers. TWO signatures (in the combination stated therein) are required.
Authorizes execution or certification of checks, drafts, mail payment orders, certificates of deposit, loan contracts, deposit contracts, assignments, releases and satisfactions, contracts relating to purchase or sale of personal property, and other documents, and also witnessing and acknowledgment of assignment of registered bonds, guarantee of signatures on any assignments, stock certificates etc.	Any ONE of the above mentioned.
Authorizes execution, in any fiduciary capacity, of certificates of beneficial interest, etc., authentication of interim receipts, bonds, etc., and countersigning of certificates of stock as registrar or transfer agent.	Any ONE of the above mentioned EXCEPT Branch Managers, Assistant Managers, and "Authorized Signers."
Authorizes execution and delivery of Authorization Letters to correspondent banks and others.	Chairman of the Board.
Authorizes execution of advices or certifications whenever necessary to effect name and title changes in the Bank's official record of "Authorized Signatures" issued to banks and other financial corporations.	Chairman of the Board, Vice Chairman of the Board, President, any Executive Vice President, any Senior Vice President, any Regional Vice President, any Vice President or the Cashier.
Authorizes any of the above designated officers to sign documents therein described as "Authorized Signer."	

3/79

SCOEPA00001516

RESOLUTION 15

RESOLVED that any Vice President, any Assistant Vice President, any Trust Officer or any Assistant Trust Officer of the Bank, or any of them, acting for and on its behalf and as its act and deed, be and each of them is hereby authorized and empowered:

(a) To qualify and accept appointment, either alone or with another or others, as executor, administrator, guardian, conservator, trustee, agent, assignee, receiver, depositary, transfer agent, registrar, or in any other representative or fiduciary capacity; to sign and execute for and on behalf of this Bank such agreements, indentures or other documents necessary to effect such appointments and to take and subscribe to any oath which may be necessary or required by law upon such qualification to act in any of the capacities herein stated; and to sign and execute for and on behalf of this Bank all applications, notices, pleadings, petitions and other papers, documents or instruments that may be requisite, expedient or proper for this Bank to sign, make or file in the performance of any of its duties in any of the capacities hereinabove mentioned;

(b) To make, execute and deliver any and all bills of sale, assignments, transfers, contracts, agreements or other documents or interests with reference to any personal property now or hereafter held by this Bank in trust in any of the capacities or for any of the purposes hereinabove stated;

(c) To make, execute and deliver full or partial releases, satisfactions, assignments, re-assignments, re-conveyances or transfers of any mortgages, deeds of trust, contracts of sale, bonds, certificates of stock, judgments, certificates of sale issued by public officers, agreements or documents, instruments or obligations of any kind affecting or concerning personal property only now or hereafter held by this Bank in trust in any of the capacities or for any of the purposes hereinabove mentioned;

(d) To sign or execute all transfers, powers of attorney to effect transfers, dividend orders, endorsements or assignments of corporate stocks, registered bonds, trustee's certificates, trust receipts, or evidences of indebtedness of any nature, whether held by this Bank in its own name or in any representative or fiduciary capacity;

(e) To sign or execute checks and drafts drawn upon or charged against trust funds or Trust Division bank balances, and also receipts or other documents or instruments evidencing the deposit of property in safekeeping or in escrow, including the right to agree on behalf of this Bank to the terms under which said property is deposited in safekeeping or in escrow; and also to sign or execute any other documents, papers or notices that may be necessary, requisite or expedient for this Bank to sign, execute or deliver in the performance of any of its trust functions.

RESOLVED FURTHER that the Senior Vice President and Senior Trust Officer is authorized and empowered to establish and maintain proper controls over the custody of all assets received in any fiduciary relationship, including the designation from time to time of the individuals charged with the responsibility for joint custody over such assets.

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Digest of Authorization	Authority Delegated to
Officers qualified to act in discharge of specified duties and responsibilities in the operation of the Trust Division.	Any Vice President, any Assistant Vice President, any Trust Officer or any Assistant Trust Officer
Officer responsible for establishing custody and control over fiduciary assets.	Senior Vice President and Senior Trust Officer

SCOEPA00001517

5.2

TRUSTEE'S ACCEPTANCE CERTIFICATE

First National Bank of Oregon hereby accepts the duties and obligations of Trustee and Paying Agent under Ordinance No. 246 of The Port of Portland (the "Port") enacted March 14, 1979 (the "Ordinance"), and First National Bank of Oregon also hereby accepts the assignment by the Port to it, as Trustee, of the receipts and revenues derived by the Port pursuant to the Installment Sale Agreement, dated April 15, 1979, between the Port and Wacker Siltronic Corporation as set forth in the Ordinance.

IN WITNESS WHEREOF, First National Bank of Oregon, as Trustee, has caused this Certificate to be executed and its corporate seal to be affixed hereunto and the same to be duly attested all as of the 26th day of April, 1979.

First National Bank
of Oregon, Trustee

By _____
ASST Trust Officer

(SEAL)

Attest:

By _____

April 26, 1979

The Port of Portland, Oregon
Portland, Oregon

Sirs:

Pursuant to the Bond Purchase Agreement, dated April 15, 1979, between you and the undersigned, we hereby acknowledge receipt of $1,000,000 aggregate principal amount of The Port of Portland Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) as listed in Schedule A attached hereto.

We hand you hereby a certified check drawn to the order to The Port of Portland, in the amount of $1,002,041.66 which constitutes full payment in accordance with the aforesaid Bond Purchase Agreement as follows:

Purchase price	$1,000,000.00
Plus accrued interest from April 15, 1979 to April 27, 1979 on such Bonds	2,041.66
Total amount of check	$1,002,041.66

Very truly yours,

FIRST NATIONAL BANK OF OREGON

By _____

COMMERZBANK

By _____

DRESDNER BANK

By _____

Receipt is hereby acknowledged of the above-mentioned check constituting full payment for the above-mentioned bonds.

THE PORT OF PORTLAND, OREGON

By _____
Assistant Secretary

SCOEPA00001521

Schedule A

	Name of Purchaser	Amount of Bonds
1.	First National Bank of Oregon	$300,000
2.	Commerzbank	$350,000
3.	Dresdner Bank	$350,000

Dresdner Bank

807715

1-830
260

CASHIER'S CHECK

Date APRIL 26,1979

Pay to the order of FIRST NATL. BANK OF OREGON

$ 1,718,501.46

PAY@@1,718,501.46 Dollars

Dresdner Bank
Aktiengesellschaft
New York Branch
60 Broad Street
New York, N. Y.

⑈0260⑈0830⑈

Dresdner Bank

.4.26.79

Wir überreichen Ihnen anbei Scheck Nr. 807715
We hand you the attached check no.

FIRST NATL. BANK OF OREGON

P & R DETP.
wegen / concerning

REF: WACKER SILTRONIC

100 006

CONTRO PRO DIVERSE

Vor Inkasso bitte Scheck von diesem Avis trennen.
For collection please separate the check from this advice.

Dresdner Bank
Aktiengesellschaft
New York Branch

1.2

COMMERZBANK
AKTIENGESELLSCHAFT
NEW YORK BRANCH
55 BROAD STREET, NEW YORK, N. Y. 10004

CHECK-NO. 101469

1-804
260

NEW YORK, April 26 19 79 $1,718,501.46

ONE MILLION SEVEN HUNDRED AND EIGHTEEN THOUSAND FIVE HUNDRED AND ONE 46/100 DOLLARS

PAY TO THE ORDER OF

First National Bank of Oregon,
as Trustee pursuant to
The Port of Portland's Ordinance
Nos. 245 and 246

COMMERZBANK
AKTIENGESELLSCHAFT
NEW YORK BRANCH

⑈0260⑈08041⑈

SCOEPA00001524

6.1

FIRST NATIONAL BANK OF OREGON

ADMINISTRATION HEADQUARTERS, 1300 S. W. FIFTH AVENUE, P. O. BOX 3131, PORTLAND, OREGON 97208

April 26, 1979

Walter, Couston, Schurman & Cumpel, P.C.
Attn: Ms. Heidi B. Duerbeck
280 Park Avenue
New York, NY 10017

Dear Heidi:

This is to confirm that First National Bank of Oregon will make available on April 27, 1979, in New York Clering House funds, the sum of $1,002,041.66, consisting of $1,000,000.00 principal and $2,041.66 accrued interest, for First National Bank's participation in the Port of Portland's Pollution Control Revenue Bonds and Industrial Development Revenue Bonds (Wacker Siltronic Corporation Project).

Yours very truly,

Thomas F. Mitchell

Thomas F. Mitchell
Assistant Vice President
Bond Investment Department
First National Bank of Oregon

SCOEPA00001525

WACKER SILTRONIC CORPORATION

THE PORT OF PORTLAND $3,430,000 POLLUTION CONTROL REVENUE BONDS, SERIES A (Wacker Siltronic Corporation Project)

APRIL 15, 1979

WACKER SILTRONIC CORPORATION

SCOEPA00001526

INDEX

LIST OF CLOSING DOCUMENTS

THE PORT OF PORTLAND

$3,430,000

POLLUTION CONTROL REVENUE BONDS, SERIES A

(WACKER SILTRONIC CORPORATION PROJECT)

I. THE PORT OF PORTLAND

1.1. Certificate of Assistant Secretary of the Port with respect to:

(i) The By-laws of the Port.

(ii) Resolution adopted by the Port on May 24, 1978.

(iii) Ordinance No. 245 enacted by the Port on March 14, 1979.

1.2. Affidavit of publication of notice of intent to enact Ordinance No. 245.

1.3. Affidavit of publication of summary of Ordinance No. 245.

1.4. Memorandum of Agreement between the Port and Wacker Siltronic.

1.5. Installment Sale Agreement between the Port and Wacker Siltronic dated as of April 15, 1979.

1.6. Bond Purchase Agreement.

1.7. Agency Agreement.

1.8. Financing Statements.

1.9. Certificate as to incumbency and other matters required by Section 2.3(f)(iv) of the Bond Purchase Agreement.

1.10. Certificate requesting Trustee to authenticate and deliver the Bonds.

1.11. Certificate as to delivery of and payment for the Bonds.

1.12. Specimens of registered Bonds certified by the Assistant Secretary of the Port.

1.13. Certificate as to Arbitrage, including Certificate of Wacker Siltronic relied upon by the Port.

1.14. Bill of Sale.

1.15. Opinion of Mudge Rose Guthrie & Alexander, Bond Counsel, as to the validity of the Bonds and other matters.

1.16. Opinion of Wood, Tatum, Mosser, Brooke & Holden required by Section 2.3(f)(iii) of the Bond Purchase Agreement.

II. WACKER SILTRONIC CORPORATION

2.1. Certificate and telegram of good standing of Wacker Siltronic Corporation in Oregon.

2.2. Certificate of the Secretary of Wacker Siltronic Corporation as to the following matters:

(a) Certificate of Incorporation of the Company.

(b) Certificate of By-laws of the Company.

(c) Incumbency and signatures of the officers.

2.3. Extract of minutes of Board of Directors approving the financing and form of documents.

2.4. Extract of resolutions of the Shareholder approving the financing and form of documents.

2.5. Letter of Indemnity.

2.6. Certificate as to Authorized Company Representative.

2.7. Certificate as to accuracy of representations and warranties as required by Section 2.3(f)(v) of the Bond Purchase Agreement.

2.8. Letter addressed to Mudge Rose Guthrie & Alexander relating to the facilities.

2.9. Evidence of insurance as required by Installment Sale Agreement.

2.10. Bill of Sale to Port of facilities.

2.11. Opinion of Counsel of Wacker Siltronic responsive to Section 2.3(f)(vi) of the Bond Purchase Agreement.

III. WACKER CHEMICAL CORPORATION

3.1. Certificate as to authorization to enter into Guarantee Agreement and Letter of Indemnity.

3.2. Guarantee Agreement dated April 15, 1979.

3.3. Opinion of Counsel of Wacker Chemical responsive to Section 2.3(f)(vii) of Bond Purchase Agreement.

IV. WACKER CHEMIE GmbH

4.1. Certificate as to authorization to enter into Comfort Letter Agreement.

4.2. Comfort Letter Agreement.

V. FIRST NATIONAL BANK OF OREGON

5.1. Certificate of Acceptance of duties and obligations as Trustee and Paying Agent created by Ordinance No. 245.

5.2. Trustee's Certificate.

VI. MISCELLANEOUS

6.1. Cross Receipt.

ASSISTANT SECRETARY'S CERTIFICATE

I, GABRIEL VALLICELLI, DO HEREBY CERTIFY that I am an Assistant Secretary of The Port of Portland (the "Port") and as such Assistant Secretary, I DO HEREBY CERTIFY that:

1. Attached hereto as Exhibit A is a true and correct copy of the By-Laws of the Port duly adopted by it and as amended to December 8, 1976 and that there has not been any amendment thereto or revocation thereof since such date and such By-Laws are in full force and effect on the date hereof in the form attached, and have not been amended or revoked and no such amendment or revocation is now pending.

2. Attached hereto as Exhibit B is an extract of the minutes of a meeting of the Port duly called and held on May 24, 1978, at which meeting a quorum was present and acting throughout. which extract has been compared by me with the original minutes as recorded in the Minute Book of the Port, and that said extract is a true. complete and correct copy thereof and of the whole of said original minutes so far as the same relate to the subject matter referred to in said extract, and the resolution therein contained has been duly adopted and has not been modified, amended or repealed and is in full force and effect.

3. Attached hereto as Exhibit C is an extract of the minutes of a meeting of the Port duly called and held on March 14, 1979, at which meeting a quorum was present and acting throughout, which extract has been compared by me with the original minutes as recorded in the Minute Book of the Port, and that said extract is a true, complete and correct copy thereof and of the whole of said original minutes so far as the same relate to the subject matter referred to in said extract, and Ordinance No. 245 therein contained has been duly adopted and has not been modified, amended or repealed and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Port this 26th day of April, 1979.

G. Vallicelli

Assistant Secretary

(SEAL)

2/3/76

RESOLVED, that the following shall constitute the Bylaws of The Port of Portland.

ARTICLE I

Meetings

1. Regular Meetings. The regular monthly meeting of the Commission shall be held at its office on the second Wednesday of each month, commencing between the hours of 9:00 a.m. and noon; provided that when the Wednesday on which a meeting would fall as aforesaid is a legal holiday the following day shall be the regular meeting day.

2. Adjourned Meetings. If a regular meeting is not held during the time and place aforesaid due to lack of a quorum, such regular monthly meeting shall be adjourned upon order of the President or, in his absence, by any Commission member and agreed to by the commissioners in attendance, to a specific time and place before the next regular monthly meeting.

3. Special Meetings. Special meetings of the Commission may be called at any time by the President and must be called by the President within 24 hours after receiving a written request from two or more commissioners to do so. Such written request must specify the object or purpose for which the meeting is requested.

4. Executive Meetings. Executive meetings of the Commission, other than those executive sessions held during a regular or special meeting, may be called at any time by the President and must be called by the President within 24 hours after receiving a written request from two or more commissioners to do so.

5. Notice of Meetings. Notice of all regular, adjourned, special meetings and executive meetings shall be given to each member of the Commission at least 24 hours prior to the hour of such meeting. The notice of special meetings shall also specify the object or purpose of such meetings. The notice of executive meetings shall also state the specific provision of Oregon Revised Statutes 192.660, authorizing the executive meeting. Notices of regular, adjourned, special and executive meetings shall also be given the public at least 24 hours prior to the hour of such meeting, except that in the case of an actual emergency, a meeting may be held upon such notice as is appropriate to the circumstances.

SCOEPA00001533

6. Quorum. A majority of the commissioners, then members of the board, shall constitute a quorum.

ARTICLE II

Executive Committee

1. The Executive Committee shall consist of all commissioners and shall meet at the call of the President or any two other officers and may hold meetings under such rules and regulations as the board may prescribe. The board may determine that less than a majority may constitute a quorum for the transaction of business.

2. The Executive Committee shall have no other or further power than as a committee and as may be expressly conferred upon it as such.

ARTICLE III

Officers

1. The Officers of the Commission shall consist of a President, Vice President, a Treasurer and a Secretary, each of whom shall be elected from among the members of the Commission.

2. The Commission shall elect new officers at the first regular meeting after the first day of January in each year, the terms of which shall run for one year beginning when elected and continuing until their successors have been elected. Vacancies in an office arising from any cause may be filled by election at any regular meeting of the Commission.

3. The officer so elected shall perform such duties as are usual in such office.

4. The Commission may appoint such Assistant Treasurers and Assistant Secretaries from its employees as it may determine. Such Assistant Treasurers and Assistant Secretaries shall perform such functions and duties as the Commission shall authorize from time to time.

ARTICLE IV

Executive Director

1. The Commission shall appoint the Executive Director who will be responsible to the Commission for carrying out the policies and expressed instructions of the Commission. The Executive Director shall

be responsible for the administration of Port affairs and shall carry out such other matters as may be specifically assigned by the Commission. The Commission officers shall approve the rate of remuneration of the Executive Director.

2. The Executive Director shall appoint and employ such persons as is deemed requisite, necessary or convenient in carrying on the work of the Port at such rate of remuneration as is deemed just and proper. The Commission, however, shall approve the initial employment and rate of remuneration of the Deputy Executive Director, and Assistant Executive Director.

ARTICLE V

Ordinances, Resolutions and Commission Directives

In order to carry out the functions, policies and programs of the Port, the Commission may adopt ordinances or resolutions or may issue Commission directives delegating to the Executive Director authority to carry out certain acts.

ARTICLE VI

Seal

The official and recognized seal of The Port of Portland is that affixed to the margin of these Bylaws.

ARTICLE VII

Amendment of Bylaws

These Bylaws may be amended by the Commission by resolution duly adopted.

DS89L

Minutes
Special Commission Meeting
The Port of Portland
May 24, 1978

Pursuant to call of the president and upon notice given 24 hours before the meeting, a special meeting of the Commissioners of The Port of Portland was held at 11:00 a.m. this date in Conference Room D of the Port's offices in the Lloyd Building.

QUORUM

Commissioners present were F. Glen Odell, president, presiding; Lloyd Babler, Jr.; Lawrence S. Black; Ilo Bonyhadi; Joseph M. Edgar; and Samuel T. Naito. Absent were Commissioners Sid Brockley; Kenneth Lewis; and G. Johnny Parks. Also present were Lloyd Anderson, executive director; Gabe Vallicelli, director of finance and administration; Lofton Tatum, Port's attorney; and representatives of the news media.

APPROVAL TO PROCEED WITH POLLUTION CONTROL AND INDUSTRIAL DEVELOPMENT REVENUE BOND ISSUES FOR WACKER CHEMICAL CORPORATION

Gabe Vallicelli, director of finance and administration, presented the executive director's recommendation as follows:

RESOLVED, That The Port of Portland Commission approves the following resolution:

A RESOLUTION TO THE BOARD OF COMMISSIONERS OF THE PORT OF PORTLAND, AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $5,000,000 POLLUTION CONTROL

REVENUE BONDS AND $1,000,000 INDUSTRIAL DEVELOPMENT REVENUE BONDS AND THE EXECUTION OF AN AGREEMENT BETWEEN THE PORT OF PORTLAND AND WACKER CHEMICAL CORPORATION AND WACKER SILTRONIC CORPORATION PROVIDING UNDERSTANDINGS WITH RESPECT TO THE ISSUANCE OF SUCH REVENUE BONDS FOR POLLUTION CONTROL AND INDUSTRIAL DEVELOPMENT PURPOSES AT THE INDUSTRIAL PLANT TO BE CONSTRUCTED BY WACKER SILTRONIC CORPORATION IN THE CITY OF PORTLAND, OREGON.

WHEREAS, The Port of Portland (hereinafter "Port") is authorized by Oregon Revised Statutes, Chapters 777 and 778, to issue its revenue bonds to acquire pollution control and industrial facilities on certain conditions and to make such facilities available to others; and

WHEREAS, Wacker Chemical Corporation and Wacker Siltronic Corporation ("Company") has proposed a Memorandum of Agreement ("Agreement") between the Port and the Company to accomplish these ends and the Board of Commissioners desires to execute the Agreement;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of The Port of Portland, as follows:

Section 1. There is hereby authorized to be issued not exceeding $5,000,000 pollution control revenue bonds and $1,000,000 industrial development revenue bonds of the Port for the purposes described in this Section 1. The president and assistant secretary be and they are hereby authorized and directed to execute, for and on behalf of this Board and the Port, an agreement between the Port and the Company providing understandings relative to the proposed issuance of such pollution control and industrial development revenue bonds as defined in the Agreement (the "Bonds") in a total aggregate principal amount not to exceed Six Million Dollars ($6,000,000), for pollution control and industrial development facilities described in said Agreement at the Company's industrial plant to be constructed by the Company in the City of Portland, said Agreement to be substantially in the form and to contain substantially the terms and conditions set forth in the Agreement attached to this Resolution as Exhibit A.

Section 2. The president and assistant secretary be and they are hereby further authorized to proceed, upon the execution of the Agreement, with the undertakings provided for therein on the part of the Port, and they are, as of then, further authorized to present to this Board an appropriate bond ordinance covering the issuance, sale and delivery of the Bonds, pursuant to and subject to the terms and conditions set forth in the Agreement authorized hereby.

Section 3. This Resolution is an affirmative official action of the Port acting by and through its Board of Commissioners toward the issuance of the Bonds as contemplated in said Agreement in accordance with the purposes of the laws of Oregon and the United States Treasury Regulations Section 1.103-8(a)(5).

Exhibit A

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT, made and entered into this 24th day of May, 1978, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon (hereinafter referred to as the "Port"), and WACKER CHEMICAL CORPORATION, a New York corporation, and WACKER SILTRONIC, a Delaware corporation (hereinafter referred to as the "Company"),

W I T N E S S E T H:

WHEREAS, the Port is authorized under the provisions of Oregon Revised Statutes, Chapters 777 and 778 (hereinafter referred to as the "Statutes"), to issue pollution control and industrial development bonds to defray in whole or in part the cost of pollution control and industrial development facilities to be located within the territorial boundaries of the Port; and

WHEREAS, in order to implement the public purposes enumerated in the Statutes and in furtherance thereof to induce the Company to acquire, construct and equip a manufacturing plant, including all necessary land and buildings within the territorial boundaries of the Port, the Port has offered to issue its pollution control and industrial development bonds under the Statutes and apply the proceeds therefrom to the payment of the cost of acquiring, constructing and equipping pollution control and industrial development facilities (hereinafter referred to collectively as the "Projects"); and

WHEREAS, the Company, after considering a number of possibile locations, and in reliance upon the offer of the Port to finance in part the acquisition, construction and equipping of the Projects through the issuance of pollution control and industrial development bonds under the provisions of the Statutes, has determined to locate a manufacturing plant within the territorial boundaries of the Port; and

WHEREAS, it is now deemed advisable to express formally and in writing the understanding heretofore informally agreed upon by the parties hereto;

NOW, THEREFORE, in consideration of the premises and of the mutual undertakings herein expressed, the Port and the Company hereto recognize and agree as follows:

A. The Port finds, intends, declares and agrees:

1. That the Port is authorized by the provisions of the Statutes to acquire, construct and equip the Projects described in

Exhibit 1 hereto; and for the purpose of paying the cost of such acquisition, construction and equipping, including expenses incidental thereto, is authorized by the aforementioned Statutes to issue its pollution control and industrial development bonds payable from the revenues and receipts derived from the lease or sale of the Projects by the Port to the Company.

2. a. That the Port will, subject in all respects to the provisions and requirements of the Statutes and to a sale of separate issues of pollution control and industrial development bonds on terms satisfactory to the Company and the Port, use its best efforts to authorize, issue, sell and deliver its pollution control bonds in a principal amount not to exceed $5,000,000 and its industrial development bonds in principal amount not to exceed $1,000,000 (collectively the "Bonds"), and apply the proceeds therefrom to the payment of the cost of acquisition, construction and equipping of the Projects.

b. That the Port will investigate the legality of its authorizing an additional amount of taxable revenue bonds not to exceed $8,000,000.

3. That it will, after securing the consent of the Company, enter into an underwriting agreement with one or more investment banking firms (the "Underwriters") whereby the Underwriters will agree to purchase the Bonds from the Port and the Port will agree to sell the Bonds to the Underwriters, at such times and in such amounts as may be agreed upon by the Port and the Company, and the Bonds will bear such interest rate or rates and contain such other terms and conditions as shall be authorized by law and mutually satisfactory to the Port and the Company.

4. That the issuance and sale of the Bonds in the amount and for the purposes hereinabove set forth will be appropriate and consistent with the objectives of the Statutes and that the adoption of the Agreement is and constitutes the taking of affirmative official action by the Port towards the issuance of the Bonds within the meaning of Section 1.103-8(a)(5) of the Internal Revenue Service regulations pertaining to pollution control and industrial development bonds.

5. That at the proper time or times and subject in all respects to the advice, consent and approval of the Company, the Port will adopt, or cause to be adopted, such proceedings and resolutions and authorize the execution of such documents and agreements as may be necessary and advisable for the acquisition and construction of the Projects, as aforesaid, and the lease or sale of the Projects to the Company thereof all as shall be authorized by law and mutually satisfactory to the Port and the Company; provided that in all events the sums payable under such documents and agreements shall be sufficient to pay the principal of and interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable, together with

all reasonable and necessary expenses of the Port in connection with the financing of the Projects over the term of the Bonds.

B. The Company finds, intends, declares and agrees:

1. That the construction of the industrial plant by the Company will result in increased employment and will increase the local industrial tax base.

2. That it will enter into a contract or contracts, and perform to the extent necessary or appropriate under contracts already entered into, for the construction and equipping of the Projects and that at the time of the delivery of the Bonds, it will convey or transfer the Projects and assign such contracts to the Port subject only to such liens, charges and encumbrances as shall be agreed to by the Port and the Company.

3. That if required by the Port, it will guarantee or cause to be guaranteed the principal of and interest on the Bonds and will execute or cause to be executed a guaranty agreement therefor.

4. That contemporaneously with the delivery of the Bonds it will enter into a lease or sales agreement, or supplements or amendments thereto, with the Port or an intermediary entity under the terms of which the Company will obligate itself to pay to the Port directly or through such intermediary entity sums sufficient in the aggregate to pay the principal of and interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable, together with all expenses, costs or outlays incurred by the Port in connection with the financing of the Project over the term of the Bonds including but not limited to an administrative management fee payable at the time of closing each bond issue, such administrative fee to be annually one-tenth of 1 percent of the aggregate principal outstanding but no less than $5,000 per year, and the Port's attorneys' fees and expenses incurred by reason of the issuance of the bonds; such lease or agreement to contain such provisions as may be required by law, and such other provisions as shall be mutually acceptable to the Port and the Company. Such lease or sales agreement shall also obligate the Company to pay the Port all other fees and costs incurred by the Port by reason of the outstanding bonds, including the annual administrative management fee.

5. That the Company, if requested by the Port, either in such lease or sales contract or in a separate document, shall grant to the Port, for the benefit of the Port or a trustee for the holders of the Bonds, a mortgage or other security interest in the Projects.

6. That it will take such further action and adopt such further proceedings or resolutions as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

7. That if the events set forth herein do not take place by June 1, 1979, or any extension thereof and at least one series of the Bonds is not sold within such time, the Company agrees that it will promptly thereafter reimburse the Port for all reasonable and necessary direct or indirect expenses which the Port may have incurred in connection with the Projects and the financing thereof and arising from the execution of this Agreement and the performance by the Port of its obligations hereunder, and this Agreement shall thereupon terminate.

8. That the Company shall indemnify and hold the Port harmless against all liabilities incurred in connection with the acquisition or installation of all facilities for the Projects. In the event bond proceeds are insufficient to pay the total cost of the acquisition and the installation thereof, the Company shall pay the amount of any such deficiency.

C. The Port and the Company find, intend, declare and agree:

1. That the Bonds shall never constitute an indebtedness of the Port or a loan of credit thereof within the meaning of any constitutional or statutory provision, and such fact shall be plainly stated on the face of the Bonds. No holder of any of the Bonds shall ever have the right to compel any exercise of the taxing power of the Port to pay the aggregate principal amount of the Bonds or any interest thereon. The principal, premium (if any) and interest on the Bonds to be issued to finance the Projects shall be secured by a pledge to a trustee acting under a trust indenture for the benefit of the holder or holders of the Bonds of the revenue and receipts to be derived by the Port from the Projects.

2. That all commitments of the Port and the Company hereunder (except the agreements and commitments of the Company under Clauses 7 and 8 of Paragraph B hereof) are subject to the conditions that on or before June 1, 1979, (or such other date as shall be mutually satisfactory to the Port and the Company) the Port and the Company shall have agreed to mutually acceptable terms for no less than one series of the Bonds and the sale and delivery thereof, and mutually acceptable terms and conditions for the contracts and agreements referred to in this Agreement.

3. That it is desirable that the Company act as agent for the Port and arrange for the acquisition, construction and equipping of the Projects in order to ensure that the Projects will conform to the requirements of the Company.

4. That this Agreement shall be binding upon the Port and the Company, and upon their respective successors and assigns.

5. That this Agreement may be executed in separate counterparts, all of which shall be deemed a single instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

THE PORT OF PORTLAND

By _____
(Vice) President

By _____
Assistant Secretary

WACKER CHEMICAL CORPORATION

By _____
Director

WACKER SILTRONIC CORPORATION

By _____
President

President Odell raised a question on taxable bonds and staff responded this action covers only tax exempt issues. Taxable bonds are mentioned in the letter of intent.

Commissioner Black moved that the executive director's recommendation be approved and Commissioner Babler seconded the motion.

After further discussion of the benefits to a company on taxable bonds, the motion was put to a voice vote and approved unanimously.

The meeting adjourned at 11:15 a.m.

F. [illegible]
President

Sally C. Ryer
Assistant Secretary

Date Signed: June 14, 1978

APPROVAL TO SET THE TERMS AND PROVIDE FOR ISSUANCE OF $1,000,000 INDUSTRIAL REVENUE BONDS AND $3,420,000 POLLUTION CONTROL REVENUE BONDS FOR WACKER SILTRONIC CORPORATION

Mr. Vallicelli presented the executive director's recommendation as follows:

RESOLVED, That Ordinance 245 is enacted; and

BE IT FURTHER RESOLVED, That Ordinance 246 is enacted; and

BE IT FURTHER RESOLVED, That the president or vice president of the Port and the secretary or an assistant secretary of the Port be and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments including the installment sales agreements necessary or proper for carrying out the transactions contemplated by Ordinances 245 and 246 heretofore enacted.

Commissioner Green moved that Ordinance 245 be adopted by reading the title only. Commissioner Babler seconded the motion which was put to a voice vote and carried unanimously.

Mr. Vallicelli read the title as follows:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF THE BOARD OF COMMISSIONERS OF THE PORT OF PORTLAND, OREGON (THE "PORT") OF ITS REVENUE BONDS, DESIGNATED "POLLUTION CONTROL REVENUE BONDS, 1979 SERIES (WACKER SILTRONIC CORPORATION PROJECT)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING $3,500,000, AND ADDITIONAL BONDS, PURSUANT TO THE PROVISIONS OF CHAPTERS 777 AND 778 OF THE OREGON REVISED STATUTES IN ORDER TO USE THE PROCEEDS TO ACQUIRE AND CONSTRUCT CERTAIN AIR AND WATER POLLUTION CONTROL FACILITIES AND TO SELL SUCH POLLUTION CONTROL FACILITIES TO WACKER SILTRONIC CORPORATION (THE "CORPORATION"); MAKING CERTAIN FINDINGS, AMONG OTHERS, CONCERNING THE PUBLIC BENEFIT AND PURPOSE OF THE REVENUE BONDS; PRESCRIBING THE TERMS, CONDITIONS, SECURITY, FORM AND TENOR OF SUCH BONDS; PROVIDING FOR THE ENACTMENT OF SUPPLEMENTAL ORDINANCES; APPROVING THE FORM OF THE INSTALLMENT SALE AGREEMENT TO BE ENTERED INTO BETWEEN THE PORT AND THE CORPORATION; AND GENERALLY PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH THE AUTHORIZATION, ISSUANCE, SECURITY, SALE AND PAYMENT OF SUCH REVENUE BONDS.

Commissioner Green moved that Ordinance 245 be adopted. Commissioner Babler seconded the motion. The commissioners present constituted a quorum and Ordinance 245 was enacted by the affirmative roll call vote of the nine commissioners present.

Commissioner Green moved that Ordinance 246 be adopted by reading the title only. Commissioner Caldwell seconded the motion which was put to a voice vote and carried unanimously.

Mr. Vallicelli read the title as follows:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE BY THE BOARD OF COMMISSIONERS OF THE PORT OF PORTLAND, OREGON (THE "PORT"), OF ITS REVENUE BONDS, DESIGNATED "INDUSTRIAL DEVELOPMENT REVENUE BONDS, 1979 SERIES (WACKER SILTRONIC CORPORATION PROJECT)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING $1,000,000, AND ADDITIONAL BONDS, PURSUANT TO THE PROVISIONS OF CHAPTERS 777 AND 778 OF THE OREGON REVISED STATUTES IN ORDER TO USE THE PROCEEDS TO ACQUIRE AND CONSTRUCT CERTAIN INDUSTRIAL DEVELOPMENT FACILITIES AND TO SELL SUCH INDUSTRIAL DEVELOPMENT FACILITIES TO WACKER SILTRONIC CORPORATION (THE "CORPORATION"); MAKING CERTAIN FINDINGS, AMONG OTHERS, CONCERNING THE PUBLIC BENEFIT AND PURPOSE OF THE REVENUE BONDS; PRESCRIBING THE TERMS, CONDITIONS, SECURITY, FORM AND TENOR OF SUCH BONDS; PROVIDING FOR THE ENACTMENT OF SUPPLEMENTAL ORDINANCES; APPROVING THE FORM OF THE INSTALLMENT SALE AGREEMENT TO BE ENTERED INTO BETWEEN THE PORT AND THE CORPORATION; AND GENERALLY PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH THE AUTHORIZATION, ISSUANCE, SECURITY, SALE AND PAYMENT OF SUCH REVENUE BONDS.

Commissioner Love moved that Ordinance 246 be adopted. Commissioner Hering seconded. The commissioners present constituted a quorum and Ordinance 246 was enacted by the affirmative roll call vote of the nine commissioners present.

Commissioner Green moved that the resolution authorizing certain signatures required by Ordinances 245 and 246 be approved. Commissioner Hering seconded the motion which was put to a voice vote and carried unanimously.

APPROVAL TO PROCEED WITH $10,000,000 INDUSTRIAL REVENUE BOND ISSUE FOR OK DELIVERY SYSTEMS, INC. - RGID

This item was withdrawn from the agenda.

APPROVAL TO PROCEED WITH $5,000,000 INDUSTRIAL REVENUE BOND ISSUE FOR FMC CORPORATION

Mr. Vallicelli presented the executive director's recommendation, noting several minor corrections in the letter of intent and resolution as follows:

WHEREAS, The Port of Portland ("Port") is authorized by Oregon Revised Statutes, Chapters 777 and 778, to issue its revenue bonds to provide funds to finance the acquisition of land and dock and wharf facilities ("Dock Facility") and certain industrial development facilities ("Industrial Facility") for FMC Corp. and to make such facilities available to others; and

WHEREAS, FMC Corporation ("Company") has proposed a Letter of Intent ("Agreement") between the Port and the Company wherein the Port will use its best efforts to issue such bonds and to lease or sell pursuant to installment contract the facilities, described above, to the Company, the lease rentals or the payments under the installment sales contract to pay the maturing debt service; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of The Port of Portland:

Section 1. The president or vice president and assistant secretary be and hereby are authorized and directed to execute, for and on behalf of the Port, the Agreement between the Port and the Company providing understandings relative to the proposed issuance of, not to exceed $5,000,000 industrial development revenue bonds ("Bonds"), in one or more series, in the aggregate principal amount of not to exceed $4,000,000 to provide funds for the acquisition of land and construction of the Dock Facility and not to exceed $1,000,000 for the acquisition of the Industrial

THE PORT OF PORTLAND, OREGON

ORDINANCE NO. 245

(enacted March 14, 1979)

SCOEPA00001547

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ORDINANCE NO. 245

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE BY THE BOARD OF COMMISSIONERS OF THE PORT OF PORTLAND, OREGON (THE "PORT") OF ITS REVENUE BONDS, DESIGNATED "POLLUTION CONTROL REVENUE BONDS, 1979 SERIES (WACKER SILTRONIC CORPORATION PROJECT)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING $3,500,000, AND ADDITIONAL BONDS, PURSUANT TO THE PROVISIONS OF CHAPTERS 777 AND 778 OF THE OREGON REVISED STATUTES IN ORDER TO USE THE PROCEEDS TO ACQUIRE AND CONSTRUCT CERTAIN AIR AND WATER POLLUTION CONTROL FACILITIES AND TO SELL SUCH POLLUTION CONTROL FACILITIES TO WACKER SILTRONIC CORPORATION (THE "CORPORATION"); MAKING CERTAIN FINDINGS, AMONG OTHERS, CONCERNING THE PUBLIC BENEFIT AND PURPOSE OF THE REVENUE BONDS; PRESCRIBING THE TERMS, CONDITIONS, SECURITY, FORM AND TENOR OF SUCH BONDS; PROVIDING FOR THE ENACTMENT OF SUPPLEMENTAL ORDINANCES; APPROVING THE FORM OF THE INSTALLMENT SALE AGREEMENT TO BE ENTERED INTO BETWEEN THE PORT AND THE CORPORATION; AND GENERALLY PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH THE AUTHORIZATION, ISSUANCE, SECURITY, SALE AND PAYMENT OF SUCH REVENUE BONDS.

BE IT ENACTED BY THE PORT OF PORTLAND:

ARTICLE I

Definitions; Findings and Determinations; Pledge of Revenues; Ordinance to Constitute Contract; and Approval to Sale Agreement and Assignment

SECTION 1.01. Definitions. The terms set forth below shall have the following meanings in this Ordinance, unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa.

Act:

"Act" shall mean Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended, and all future acts supplemental thereto or amendatory thereof.

Additional Bonds:

"Additional Bonds" shall mean Bonds of any Series, other than the 1979 Series Bonds, duly authenticated and delivered pursuant to this Ordinance.

Administration Expenses:

"Administration Expenses" shall mean (i) an annual administrative management fee to be paid by the Corporation to the Port on May 1, 1979 and on each May 1 thereafter so long as any Bonds are outstanding in an amount equal to 1/10 of 1% of the aggregate principal amount of the Bonds outstanding on the date of payment; but not less than $2,500, and (ii) the compensation and expenses paid to or incurred by the Trustee under this Ordinance.

Authorized Company Representative:

"Authorized Company Representative" shall mean any person at the time designated to act on behalf of the Corporation by a written certificate, signed on behalf of the Corporation by its President or one of its Vice Presidents or its Treasurer and its Secretary or one of its Assistant Secretaries and furnished to the Port and the Trustee, containing the specimen signature of each such person.

Bondholder:

"Bondholder" or "holder of the Bonds" or "holder" shall mean the bearer of any coupon Bond and the Registered Owner of any registered Bond.

Bonds:

"Bond" or "Bonds" shall mean any bond or all of the bonds, as the case may be, of the Port authorized and issued by the Port, authenticated by the Trustee and delivered under this Ordinance.

The term "outstanding under this Ordinance" or "outstanding hereunder" or "outstanding", when used with reference to Bonds, shall mean, except as otherwise provided in Sections 9.03 and 13.03 of this Ordinance, at any date as of which the amount of outstanding Bonds is to be determined, the aggregate of all Bonds authorized, issued, authenticated and delivered under this Ordinance, except:

(a) Bonds cancelled or surrendered to the Trustee for cancellation pursuant to Section 2.11 of this Ordinance on or prior to such date;

(b) Bonds for the payment of which cash shall have been theretofore deposited with the Trustee in an amount equal to the principal amount thereof and interest thereon to maturity; and

(c) Bonds for the redemption of which cash shall have been theretofore deposited with the Trustee; provided that notice of such redemption shall have been given as in Article VIII provided or provision satisfactory to the Trustee shall have been made therefor.

The term "issued", when used with respect to Bonds, shall mean sold or otherwise disposed of for value by the Port, except by way of pledge to secure a loan, unless the pledge shall have been foreclosed.

In determining whether the holders of a requisite aggregate principal amount of Bonds outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under this Ordinance, Bonds which are owned by the Corporation or the Port shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded.

Bond Fund:

"Bond Fund" shall mean the fund created under Article VI of this Ordinance.

Bond Register and Bond Registrar:

"Bond Register" and "Bond Registrar" shall have the respective meanings specified in Section 2.08 of this Ordinance.

Completion Date:

"Completion Date" shall mean the date of completion of the acquisition, construction and installation of the Project, as that date shall be certified pursuant to Section 3.05 of the Sale Agreement and Section 5.05 of this Ordinance.

Construction Fund:

"Construction Fund" shall mean the fund created under Article V of this Ordinance.

Corporate Trust Office:

"Corporate Trust Office" shall mean the office of the Trustee, at which at any particular time its corporate trust business shall be principally administered.

Corporation:

"Corporation" shall mean Wacker Siltronic Corporation, a Delaware corporation, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 5.02 of the Sale Agreement and shall also mean, unless the context otherwise requires, an assignee of the Sale Agreement as permitted by Section 6.01 of the Sale Agreement.

Cost:

"Cost", when used in connection with the Project described in Exhibit A to the Sale Agreement, any enlargements, improvements or extensions of such Project, or any additional pollution control facilities at the Plant shall be deemed (subject to any limitation thereof contained in the Sale Agreement), whether incurred prior to or after the date of this Ordinance, to include (a) obligations of the Port or the Corporation or any affiliate of the Corporation incurred for labor, materials and other expenses and to contractors, builders and materialmen in connection with the acquisition, construction and installation of the facilities being acquired, constructed or installed; (b) the cost of contract bonds and of

insurance of all kinds that may be required or necessary during the course of construction of the facilities being acquired, constructed or installed which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Port and the Corporation and any affiliate of the Corporation for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the facilities being acquired, constructed or installed; (d) compensation and expenses of the Trustee, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the issuance of the Bonds, including any payments to be made by the Corporation pursuant to clause (i) of the definition of Administration Expenses and under the memorandum of agreement between the Port, the Corporation and the Guarantor, dated May 24, 1978 which are not otherwise provided for under the terms of the Sale Agreement; (e) all other costs which the Port or the Corporation or any affiliate of the Corporation shall be required to pay under the terms of any contract or contracts for the acquisition (by purchase, lease, or otherwise), construction or installation of the facilities being acquired, constructed or installed; (f) any sums required to reimburse the Port or the Corporation or any affiliate of the Corporation for advances made by any of them for any of the above items, or for any other costs incurred and for the work done by any of them, which are properly chargeable to the facilities being acquired, constructed or installed; (g) any amount designated by the Corporation for deposit in the Bond Fund for payment of interest on the 1979 Series Bonds to a date not later than April 15, 1980 and, in the case of a Series of Additional Bonds, such date or dates as shall be specified in the Supplemental Ordinance providing for the issuance of such Series of Additional Bonds; and (h) payment of any other costs and expenses relating to the construction of the Project and financing thereof, including, without limitation, taxes payable under Section 4.11 of the Sale Agreement, administrative expenses of the Port and expenses incurred pursuant to Section 3.07 of the Sale Agreement.

Coupon:

"Coupon" or "coupons" shall mean any interest coupon or all the interest coupons, as the case may be, appertaining to coupon Bonds.

Event of Default:

"Event of Default" shall mean any Event of Default specified in Section 10.01 of this Ordinance.

ing Statement:

"Financing Statement" shall mean a financing statement or a uation statement filed pursuant to the provisions of the n Commercial Code of the State of Oregon or such other juris- n the laws of which are applicable.

mental Obligations:

"Governmental Obligations" shall mean any of the following are noncallable and which at the time of investment are legal ments under the laws of the State of Oregon for the moneys pro- to be invested therein:

(i) direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by, the United States of America;

(ii) bonds, debentures or notes issued by any of the following Federal agencies: Bank for Cooperatives, Federal Land Banks, Federal Financing Bank, or Federal National Mortgage Association (including Participation Certificates); or

(iii) Public Housing Bonds, Temporary Notes or Preliminary Loan Notes, fully secured by contracts with the United States of America.

ntee:

"Guarantee" shall mean the Guarantee Agreement, dated as of 15, 1979, between Wacker and the Trustee, as the same may be d or supplemented pursuant to the terms thereof.

ers' Certificate:

"Officers' Certificate" shall mean a certificate signed by resident or Vice-President of the Port and the Secretary or an tant Secretary of the Port.

on of Counsel:

"Opinion of Counsel" shall mean an opinion in writing d by legal counsel, who may be an employee of or counsel to the ration, or bond counsel, or may be other counsel, satisfactory e Trustee.

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Ordinance:

"Ordinance" shall mean Ordinance No. 245 of the Port enacted March 14, 1979, pursuant to which the Bonds are to be issued and secured, as the same may be amended or supplemented from time to time in accordance with the provisions thereof.

Paying Agent:

"Paying Agent" shall mean any paying agent for the Bonds and coupons (and may include the Trustee) and its successor or successors appointed pursuant to the provisions of this Ordinance.

Permitted Encumbrances:

"Permitted Encumbrances" shall mean and include:

(a) undetermined liens and charges incident to construction or maintenance, and liens and charges incident to construction or maintenance now or hereafter filed of record which are being contested in good faith and have not proceeded to judgment provided that the Corporation shall have set aside adequate reserves with respect thereto;

(b) the lien of taxes, assessments and other governmental charges and levies which are not delinquent;

(c) the lien of taxes, assessments and other governmental charges and levies which are delinquent but the validity of which is being contested in good faith and with respect to which the Corporation shall have set aside adequate reserves unless thereby any of the Project or the interest of the Port therein may be in danger of being lost or forfeited;

(d) minor defects and irregularities in the title to the Project which do not in the aggregate materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held;

(e) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not

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materially impair the use of such property for the purposes for which it is or may reasonably be expected to be held;

(f) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Project which do not materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held;

(g) any obligations or duties affecting any portion of the Project to any municipality or governmental or other public authority with respect to any right, power, franchise, grant, license or permit;

(h) present or future zoning laws and ordinances;

(i) the rights of the Port under the Sale Agreement;

(j) the lien and charge of this Ordinance;

(k) all rights that the City of Portland, Oregon may hold pursuant to a Development and Disposition Agreement dated as of May 26, 1978 by and between said City and the Corporation and Wacker.

Person:

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

Plans and Specifications:

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, certified by an Authorized Company Representative and filed with the Port at the date of the issuance of the 1979 Series Bonds, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of construction of the Project in accordance with this Ordinance.

Plant:

"Plant" shall mean the silicon wafer manufacturing facility of the Corporation located in Portland, Oregon, in connection with which the Project is designed to be used.

Port:

"Port" shall mean The Port of Portland, a municipal corporation of the State of Oregon, and any successor to its duties and functions.

Principal Installment Date:

"Principal Installment Date" shall mean any date on which the principal of any Bonds shall mature or on which amounts are required to be deposited in the Bond Fund.

Project:

"Project" shall mean (1) the air and water pollution control facilities described in Exhibit A to the Sale Agreement, as the same may become more detailed from time to time, including any modifications thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided by the Plans and Specifications, but not including personal property installed in accordance with Section 4.14 of the Sale Agreement, (2) enlargements, improvements or extensions of said facilities financed by Additional Bonds, and (3) additional facilities for the control, abatement or prevention of water or air pollution at the Plant financed by Additional Bonds.

Registered Owner:

"Registered Owner" shall mean the Person or Persons in whose name or names the particular registered Bond or coupon Bond registered as to principal only shall be registered on the Bond Register.

Revenues:

"Revenues" shall mean all payments payable by the Corporation to the Port under the Sale Agreement and all amounts derived by the Port in any manner from or in connection with the sale of the Project to the Corporation (other than the proceeds of Bonds).

Sale Agreement:

"Sale Agreement" shall mean the Installment Sale Agreement dated as of April 15, 1979 between the Port and the Corporation, as the same may be amended from time to time in accordance with this Ordinance.

Secretary:

"Secretary" shall mean the duly authorized Secretary or Assistant Secretary or Assistant Secretaries of the Port.

Series or Series of Bonds:

"Series" or "Series of Bonds" shall mean all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds, pursuant to the provisions of this Ordinance, regardless of variations in maturity, interest rate, Sinking Fund Requirements, or other provisions.

1979 Series Bonds:

"1979 Series Bonds" shall mean the Series of Bonds authorized to be issued pursuant to Section 2.02 of this Ordinance.

Sinking Fund Requirement:

"Sinking Fund Requirement" shall mean, with respect to (i) the 1979 Series Bonds, the amounts so designated and established pursuant to Section 2.02 of this Ordinance, and (ii) any Series of Additional Bonds, any amount so designated pursuant to the Supplemental Ordinance providing for the issuance of such Series of Additional Bonds.

Supplemental Ordinance:

"Supplemental Ordinance" or "ordinance supplemental hereto" shall mean any ordinance supplementary to or amendatory of this Ordinance as originally enacted which is duly enacted in accordance with the provisions of this Ordinance.

Trustee:

"Trustee" shall mean First National Bank of Oregon (and its corporate successors) and its successors hereunder.

Wacker:

"Wacker" shall mean (i) Wacker Chemical Corporation, a New York Corporation, and its successors and assigns and (ii) any surviving, resulting or transferee Corporation as provided in Section 2.6 of the Guarantee Agreement dated as as of April 15, 1979, between said Wacker Chemical Corporation and the Trustee.

SECTION 1.02. Findings and Determinations of Port. Under the Act, the Port is authorized (1) to acquire land and construct buildings or other improvements and to acquire personal properties suitable for use by any industry for the manufacturing, refining, processing or assembling of any agricultural, mining or other products and (2) to issue and sell its revenue bonds without the necessity of the voters of the Port authorizing the same, which bonds shall not in any manner or to any extent be a general obligation of the Port nor a charge upon the tax revenues of the Port nor a charge upon any other revenue or property of the Port not specifically pledged thereto. In order to promote the purposes of the Act, it is hereby found and determined that it is advisable and desirable that the Port acquire, construct and install the Project and issue its revenue bonds to finance the cost of such acquisition, construction and installation, which revenue bonds shall be payable solely from the sale of the Project to the Corporation.

SECTION 1.03. Pledge of Sale Agreement. All right, title and interest of the Port in and to the Sale Agreement, other than the indemnity provisions contained in Section 4.07 of the Sale Agreement, and all the Revenues are hereby pledged for the payment of the principal of, redemption premium, if any, and interest on the Bonds in accordance with their terms and the provisions of this Ordinance. The Bonds, together with the interest thereon, are limited obligations of the Port payable solely from the Revenues, the proceeds of the Bonds and the income earned by the investment of funds under this Ordinance, and the Bonds and Sale Agreement shall not constitute an indebtedness or a charge against the general credit or taxing power of the Port within the meaning of any constitutional or charter provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Port.

SECTION 1.04. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Port and the holders from time to time of the Bonds and coupons.

SECTION 1.05. Approval and Authorization of Sale Agreement and Assignment to Trustee. The Sale Agreement and the Assignment dated as of April 15, 1979 from the Port to the Trustee attached to said Sale Agreement, and the Agency Agreement with exhibits attached

thereto between the Port and ABD Securities Corporation and Euro Partners Securities Corporation, in substantially the forms submitted to this meeting be, and hereby are, approved and the President or Vice President of the Port be, and he hereby is, authorized to execute said Sale Agreement and said Assignment and to execute said Agency Agreement for and on behalf of the Port and the Secretary or Assistant Secretary of the Port is hereby authorized to attest the Sale Agreement and the Assignment and affix thereto the seal of the Port, with such changes in each of them as the officer executing the same shall approve, such approval to be conclusively evidenced by such officer's execution thereof.

ARTICLE II

Description; Authorization; Manner of Execution; Authentication; Registration and Transfer of Bonds

SECTION 2.01. Issuance of Bonds in one or more Series. The Bonds may, at the election of the Port, be issued in one or more Series and, except as hereinafter provided, shall be designated generally as "Pollution Control Revenue Bonds (Wacker Siltronic Corporation Project)", with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Port may determine. Each Bond shall bear upon the face thereof the designation so selected for the Series to which it belongs.

SECTION 2.02. Creation and Particulars of 1979 Series Bonds. There shall be issued under and secured by this Ordinance a Series of Bonds to be designated "Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)" in the aggregate principal amount of $3,430,000.

The 1979 Series Bonds shall be issued and secured by and in accordance with this Ordinance in the aggregate principal amount of $3,430,000 for the purpose of financing the Project; shall be dated as of April 15, 1979 in the case of coupon 1979 Series Bonds and shall be dated, in the case of registered 1979 Series Bonds, the April 15 or October 15 next preceding the date of its authentication to which interest has been paid or duly provided for (except that if any registered 1979 Series Bonds shall be authenticated on any April 15 or October 15 to which interest has been paid, it shall be dated as of such date, or if it shall be authenticated prior to October 15, 1979, it shall be dated April 15, 1979); shall mature (subject to the right of prior redemption upon the terms and conditions hereinafter set forth) on April 15, 1991 and shall bear interest (payable semi-annually on April 15 and October 15, commencing October 15, 1979) at the rate of 6 1/8% per annum.

The 1979 Series Bonds may be redeemed in whole or in part on any interest payment date, upon payment of the principal amount of the 1979 Series Bonds to be redeemed together with unpaid interest accrued to the date fixed for redemption, without redemption premium or prepayment penalty, all in the manner and subject to the provisions of Article VIII of this Ordinance.

The 1979 Series Bonds shall be redeemed in part from time to time by application of moneys in the Bond Fund, created by Section 6.02 of this Ordinance, on April 15 in each of the years 1985 to 1991, inclusive, upon payment of the principal amount hereof, together with, in each such case, unpaid interest accrued to the dates fixed for redemption, in the manner and subject to the provisions of this Ordinance.

Sinking Fund Requirements are hereby established for the 1979 Series Bonds in the respective amounts set forth in the following table and such amount shall be deposited to the credit of the Bond Fund in the manner provided in this Ordinance (provided, however, any amount deposited shall not exceed the principal amount of the 1979 Series Bonds outstanding at the date of the deposit) on April 15 of each of the years set forth opposite such amounts in said table:

Year	Principal Amount
1985	$490,000
1986	490,000
1987	490,000
1988	490,000
1989	490,000
1990	490,000
1991	490,000

In the manner and with the effect provided in this Ordinance, the 1979 Series Bonds will be subject to mandatory redemption prior to maturity, subject to the provisions of Article VIII of this Ordinance, as follows:

A. The 1979 Series Bonds shall be subject to mandatory redemption in whole on any date within 180 days after receipt by the Trustee of notice of:

(i) the issuance of a published or private ruling of the Internal Revenue Service in which the Corporation has participated to the degree it deems sufficient and which ruling the Corporation, in its discretion, does not contest by an appropriate proceeding directly or through a Bondholder, or

(ii) final determination by a court of competent jurisdiction in the United States in a proceeding to which the Corporation is a party, or

(iii) enactment of any amendment to the Internal Revenue Code of 1954, as amended, or the promulgation of or amendment to Treasury Department Regulations, or any other change in present law,

to the effect that the interest payable on the 1979 Series Bonds is includable in the gross income for Federal income tax purposes of the holders thereof (other than a "substantial user" of the Project or a "related person" as provided in Section 103(b)(8) of the Internal Revenue Code of 1954, as amended), provided, however, that the Corporation may, at its option, not be obligated to redeem the 1979 Series Bonds as provided herein if interest payable on the 1979 Series Bonds is includable for Federal income tax purposes in the gross income of the holders thereof (other than a "substantial user" of the Project or a "related person") due to the occurrance of an event in (iii) above and the Corporation upon written notification to the holders of the 1979 Series Bonds within thirty days of receipt of notice from the Trustee of its mandatory redemption obligation hereunder, agrees (a) to pay interest on the outstanding principal amount of the 1979 Series Bonds in an amount equal to 11.34% from the date on which interest on the 1979 Series Bonds was included in such holders' gross income to the maturity date (as defined below) of the 1979 Series Bonds, minus the amount of interest actually paid on the 1979 Series Bonds from the date of the inclusion of interest in the gross income of the holder and (b) that the maturity date of the 1979 Series Bonds shall be changed to April 15, 1989 and all outstanding principal on the 1979 Series Bonds plus unpaid interest accrued to such maturity date shall be payable on such maturity date. The 1979 Series Bonds redeemed under this subparagraph (A) shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date.

B. The 1979 Series Bonds shall be subject to mandatory redemption in whole on the next applicable interest payment date, which shall be not less than 60 days from the date of receipt of notice from the Bondholders by the Corporation as provided in Section 4.05 of the Sale Agreement, after receipt by the Trustee of notice from the Corporation to the effect that a majority of the holders of the 1979 Series Bonds then Outstanding have elected on behalf of all of said Bondholders to require the redemption of the 1979 Series Bonds based upon both of the conditions in either of

subparagraphs (a) or (b) below existing or the condition in subparagraph (c) below existing.

(a) Wacker Chemie GmbH ("Chemie"), a German corporation, shall own directly or indirectly less than 100% but more than 75% of the voting stock of the Corporation and the Corporation shall have a net worth, as determined in accordance with generally accepted accounting principles ("Net Worth") of less than $6,000,000; or

(b) Chemie shall own directly or indirectly less than 75% but more than 51% of the voting stock of the Corporation and the Corporation shall have a Net Worth of less than $10,000,000; or

(c) Chemie shall own directly or indirectly less than 51% of the voting stock of the Corporation.

The 1979 Series Bonds redeemed under this subparagraph B shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date.

The 1979 Series Bonds shall be numbered in such manner as the Port, with the concurrence of the Trustee, shall determine. Coupon 1979 Series Bonds shall be in the denomination of $5,000 each. Registered 1979 Series Bonds shall be in the denomination of $5,000 each, or any integral multiple thereof, not exceeding the aggregate principal amount of said Bonds maturing in any year. Coupon 1979 Series Bonds and the interest thereon shall be payable to bearer upon presentation and surrender of such Bonds or interest coupons as they respectively become due at the Corporate Trust Office. The 1979 Series Bonds may be issued in printed, lithographed or typewritten form.

The principal of Registered 1979 Series Bonds or Coupon 1979 Series Bonds registered as to principal which have matured or have been called for redemption shall be payable to the Registered Owner thereof or his assigns upon surrender thereof at the Corporate Trust Office for such purpose. The interest on any Registered 1979 Series Bonds when due and payable shall be paid to the Registered Owner thereof by check or draft mailed to such Person at his address last appearing on the Bond Register. All payments of principal and interest on the Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Bond Purchase Agreement as submitted to this meeting, with such changes as shall be approved by the President or Secretary of the Port, be and the same is hereby approved.

The 1979 Series Bonds are hereby sold to the purchasers as listed in Schedule A of the Bond Purchase Agreement at a purchase price of 100% of the principal amount of the 1979 Series Bonds plus accrued interest on the 1979 Series Bonds from April 15, 1979 to the date of delivery and payment therefor, on the terms and conditions set forth in the Bond Purchase Agreement, and the President or Vice President of the Port is hereby authorized and directed to execute the Bond Purchase Agreement and to deliver the same to the said purchasers.

The President or the Vice President of the Port and the Secretary or an Assistant Secretary of the Port, and any other proper officer of the Port, be and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary by this Ordinance.

SECTION 2.03. Provisions of Bonds Other than 1979 Series Bonds. Subject to determination from time to time by the Port, as expressed from time to time in one or more Supplemental Ordinances, the Bonds of any Series other than the 1979 Series Bonds:

(a) shall be dated, shall bear interest at a rate or rates not in excess of the maximum rate then permitted by applicable law, shall be payable and shall mature by their terms at such time or times as may be provided in the Supplemental Ordinance creating the Series of which such Bonds are a part;

(b) shall be payable, both as to principal and interest and redemption premium (if any), at such place or places as the Port may determine in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts;

(c) may have such registration privileges and such exchange privileges as may be determined by the Port;

(d) shall have such particular designations added to their title as the Port may determine, and may be in such denominations as may be determined by the Port;

(e) may be limited as to the maximum principal amount thereof which may be authenticated by the Trustee and delivered or which may be at any time outstanding, and an appropriate insertion in respect of such limitation may, but need not, be made in the Bonds of such Series;

(f) may contain provisions for the redemption thereof at such redemption price or prices, at such time or times, upon such notice, in such manner and upon such other terms and conditions, not inconsistent with the provisions of Article VIII of this Ordinance and the terms of the Sale Agreement, as may be determined by the Port and permitted by applicable law;

(g) may have mandatory provisions requiring payments for the purchase and sinking fund redemption of such Bonds, in such amounts, at such time or times, in such manner and upon such terms and conditions, not inconsistent with the provisions of this Ordinance, as shall be set forth in such Supplemental Ordinance; and

(h) may contain such provisions with respect to acceleration of maturity on the happening of specified events, and such other special terms and conditions, not contrary to the provisions hereof or of the Act, as may be determined by the Port.

SECTION 2.04. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any outstanding Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Port may execute, and upon its request in writing, the Trustee shall authenticate and deliver, a new Bond of the same Series, principal amount and maturity and of like tenor and having attached the same coupons (if any) as the mutilated, lost, stolen or destroyed Bond in exchange and substitution for such mutilated Bond and its coupons (if any), or in lieu of and substitution for such lost, stolen or destroyed Bond and its coupons (if any).

In the event any coupon appertaining to any coupon Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Port may execute, and upon its request in writing, the Trustee shall authenticate and deliver a new Bond of the same Series, principal amount and maturity and of like tenor and having attached coupons corresponding to the coupons appertaining to the coupon Bond to which such mutilated, lost, stolen or destroyed coupon appertained in lieu of and substitution for the coupon Bond and appurtenant coupons to which such mutilated, lost, stolen or destroyed coupon appertained.

Application for exchange and substitution of mutilated, lost, stolen or destroyed Bonds and coupons shall be made to the Trustee at the Corporate Trust Office. In every case the applicant for a substitute Bond shall furnish to the Port and to the Trustee such security or indemnity as may be required by them to hold each of them and any Paying Agent harmless. In every case of loss, theft or destruction of a Bond or a coupon, the applicant shall also furnish to the Port and to the Trustee evidence to their satisfaction of the

loss, theft or destruction and of the ownership of such Bond or coupon, as the case may be, and in every case of mutilation, loss, theft or destruction of a coupon or coupons only, the applicant shall surrender the Bond to which the coupon or coupons so mutilated or lost, stolen or destroyed appertain, with all coupons appertaining thereto (including any mutilated coupons) not lost, stolen or destroyed. In every case of mutilation of a Bond only, the applicant shall surrender the Bond so mutilated together with all coupons (if any) appertaining thereto.

Notwithstanding the foregoing provisions of this Section 2.04, in the event any such Bond or coupon shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium (if any) or interest on the Bonds, the Port may authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond or coupon) instead of issuing a substitute Bond and coupons (if any) provided security or indemnity is furnished as above provided in this Section 2.04.

Upon the issuance of any substitute Bond, the Port and the Trustee may charge the holder of such Bond with their reasonable fees and expenses in connection therewith. Every substitute Bond (and any coupon or coupons attached thereto) issued pursuant to the provisions of this Section 2.04 by virtue of the fact that any Bond or any coupon is lost, stolen or destroyed shall constitute an original additional contractual obligation of the Port, whether or not the lost, stolen or destroyed Bond or coupon shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionally with any and all other Bonds and coupons duly issued under this Ordinance to the same extent as the Bonds and coupons in substitution for which such Bonds and coupons were issued.

The provisions of this Section 2.04 are exclusive and shall preclude (to the extent lawful) all of the rights and remedies with respect to the payment of mutilated, lost, stolen or destroyed Bonds or coupons, including those granted by any law or statute now existing or hereafter enacted.

SECTION 2.05. Temporary Bonds. Until Bonds in definitive form of any Series, other than 1979 Series Bonds, are ready for delivery, the Port may execute, and upon its request in writing, the Trustee shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bonds in temporary form, substantially of the tenor of the Bonds hereinbefore described in this Article II, without coupons or with one or more coupons attached, and with appropriate omissions, variations and insertions. Bonds in temporary form will be for such principal amounts as the Port shall determine. This Section 2.05 shall not apply to the 1979 Series Bonds which shall not be issued in temporary form.

Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Ordinance. The Port shall, without unreasonable delay, prepare, execute and deliver to the Trustee, and thereupon, upon the presentation and surrender of such Bond or Bonds in temporary form to the Trustee at the Corporate Trust Office, the Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds of the same maturity and Series, in definitive form in the authorized denominations, and for the same aggregate principal amount, as such Bond or Bonds in temporary form surrendered. Such exchange shall be made at the Port's own expense and without making any charge therefor to any Bondholder.

SECTION 2.06. **Execution of Bonds and Coupons; Effect of Change of Officers.** All the Bonds shall, from time to time, be executed on behalf of the Port by, or bear the manual or facsimile signature of, the President of the Port and its corporate seal (which may be facsimile) shall be thereunto affixed (or imprinted or engraved if facsimile) and attested by the manual or facsimile signature of the Secretary or any Assistant Secretary of the Port, provided at least one signature is manual. The coupons to be attached to the coupon Bonds shall bear the signatures (which may be facsimile) of the President and the Secretary or any Assistant Secretary of the Port.

If any of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall be upon the Bonds or the coupons shall cease to be such officer of the Port before the Bonds so signed and sealed shall have been actually authenticated by the Trustee or delivered by the Port, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds or whose facsimile signature shall be upon the Bonds or the coupons had not ceased to be such officer or officers of the Port; and also any such Bond may be signed and sealed on behalf of the Port by those persons who, at the actual date of the execution of such Bond, shall be the proper officers of the Port, although at the date of such Bond any such person shall not have been such officer of the Port.

SECTION 2.07. **Interchangeability of Bonds.**

1. Coupon Bonds, upon surrender thereof at the Corporate Trust Office with all unmatured coupons and any matured coupons in default attached, may, at the option of the holder thereof, and upon payment by such holder of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.09 of this Ordinance, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any authorized denomination.

2. If such coupon Bonds shall be registered as to principal, they shall be accompanied by an assignment duly executed by the Registered Owner or his attorney or legal representative in such form as shall be satifactory to the Bond Registrar.

3. Registered Bonds, upon surrender thereof at the Corporate Trust Office with a written instrument of transfer in form satisfactory to the Bond Registrar, duly executed by the Registered Owner or his attorney duly authorized in writing, may, at the option of the Registered Owner thereof, and upon payment by such Registered Owner of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.09 of this Ordinance, be exchanged for an equal aggregate principal amount of coupon Bonds, of the same Series and maturity with all unmatured coupons and any matured coupons in default thereto appertaining attached, or for registered Bonds of the same Series and maturity of any other authorized denomination and registered in the name of the same Registered Owner.

SECTION 2.08. Negotiability; Registration and Transfer.

1. Title to any coupon Bond, unless such Bond is registered as to principal, and to any coupon, shall pass by delivery as negotiable instruments payable to bearer.

2. The transfer of registered Bonds without coupons shall be registered on the Bond Register, which shall be kept for this purpose at the Corporate Trust Office, upon surrender thereof by the Registered Owner in person or by his attorney duly authorized in writing together with a written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the Registered Owner or his attorney duly authorized in writing and upon payment by such Registered Owner of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.09 of this Ordinance. Upon any such registration or transfer, the Port shall issue in the name of the transferee a new registered Bond or Bonds of the same Series and maturity without coupons, or, at the option of the transferee, coupon Bonds of the same Series and maturity with coupons attached representing all interest due or to become due thereon, in an aggregate principal amount of such registered Bond without coupons. At the option of the holder, any coupon Bond may be registered as to principal on the Bond Register upon presentation thereof to Trustee which shall make notation of such registration thereon. Any such Bond registered as to principal may thereafter be transferred only upon an assignment duly executed by the Registered Owner or his attorney duly authorized in writing together with a written instrument of transfer in such form as shall be satisfactory to the Bond Registrar and upon payment of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.09 of this Ordinance, such transfer to be made on such books and endorsed on the Bond by Trustee. Such transfer may be to

bearer and thereby transferability by delivery shall be restored; subject, however, to successive registrations and transfers as before.

3. The Port, Trustee, Bond Registrar and any Paying Agent may deem and treat the Registered Owner of any registered Bond without coupons or coupon Bond registered as to principal as the absolute owner of such Bond for the purpose of receiving any payment on such Bond and for all other purposes of this Ordinance and the Sale Agreement, whether such Bond shall be overdue or not, and neither the Port, nor Trustee, nor Bond Registrar nor any Paying Agent shall be affected by any notice to the contrary. Payment of, or on account of, the principal of and premium, if any, and interest on any registered Bond without coupons and payment of the principal of and premium, if any, on any coupon Bond registered as to principal shall be made to such Registered Owner or upon his written order but the coupons appertaining to any coupon Bonds registered as to principal shall remain payable to bearer notwithstanding such registration. All such payments shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid.

4. The Port, Trustee, Bond Registrar and any Paying Agent may deem and treat the bearer of any coupon Bond not registered as to principal or any coupon appertaining to a Bond as the absolute owner thereof, whether or not such Bond or coupon shall be overdue, for the purpose of receiving any payment on such Bond or coupon and for all other purposes of this Ordinance and the Sale Agreement and neither the Port, not Trustee, nor Bond Registrar nor any Paying Agent shall be affected by any notice to the contrary. Payment of, or on account of, the principal of and redemption premium, if any, on any such Bond and of the interest represented by any such coupon shall be made only to the bearer thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds and coupons to the extent of the sum or sums so paid.

5. All Bonds issued under this Ordinance, whether in bearer form with coupons attached or registered form shall have such attributes of negotiability as are provided for under the laws of the State of Oregon.

SECTION 2.09. Regulations with Respect to Exchange and Transfer. In all cases in which the privilege of exchanging Bonds or registering the transfer of Bonds is exercised, the Port shall execute and Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. All Bonds and coupons surrendered in any such exchanges or upon any such registration or transfer shall forthwith be delivered to Trustee and cancelled by it. There shall be no charge for any exchange or registration or transfer of Bonds, but the Port may require the payment of a sum sufficient to pay any tax or other governmental charge required to be paid with

respect to any such exchange or registration of transfer; provided the costs of printing Bonds in coupon or registered forms shall be paid pursuant to Section 3.03 of the Sale Agreement or if insufficient moneys are held in the Construction Fund to pay the costs, the Corporation shall bear such costs. Neither the Port nor Trustee shall be required (a) to register the transfer of or exchange any Bond for a period of ten (10) days next preceding any interest payment date on such Bond or (b) to register the transfer of or exchange any Bond for a period of sixty (60) days next preceding any selection of Bonds of the same Series and maturity as such Bond to be redeemed and thereafter until after the first publication or mailing of any notice of redemption or (c) to register the transfer or exchange any Bond called for redemption in whole or in part.

SECTION 2.10. Endorsement of Trustee's Certificate of Authentication on Bonds. No Bond or any coupon appurtenant thereto shall be secured by this Ordinance or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be endorsed on such Bond the Trustee's certificate of authentication, substantially in the form prescribed in this Ordinance, executed by the manual signature of a duly authorized officer of the Trustee; and such certificate on any Bond issued by the Port shall be conclusive evidence and the only competent evidence that such Bond has been duly authenticated and delivered under this Ordinance.

SECTION 2.11. Cancellation of Coupons and Bonds. Upon the surrender to the Trustee of any temporary or multilated Bond, or any Bond transferred or exchanged for another Bond or Bonds, or any Bond acquired, redeemed, received by the Trustee as a credit to reduce any Bond Sinking Fund payment or paid at maturity, the same together with all unmatured coupons (if any) appurtenant to any such Bond, or coupons paid or surrendered for cancellation, shall forthwith be cancelled and, at the written request of the Port, be cremated or otherwise destroyed by the Trustee, and the Trustee shall, if such Bond or coupons are so cremated or destroyed, deliver its certificate of such cremation or other destruction to the Port.

SECTION 2.12. Payment of Interest on Coupons. The interest on coupon Bonds shall be payable only on presentation and surrender of the several coupons for such interest as they respectively become due.

SECTION 2.13. Bonds are Limited Obligations of Port. The Bonds, together with the interest thereon, are limited obligations of the Port payable solely from the revenues and receipts derived by the Port from or in connection with the Project, including payments received under the Sale Agreement (except indemnification payments paid pursuant to Section 4.07 of the Sale Agreement and payment of attorneys' fees and other expenses pursuant to Section 7.04 of the Sale Agreement) and the payments under the Guarantee. The Bonds and the interest thereon shall not constitute general debts, liabilities

or obligations of the Port or debts, liabilities or obligations of the State of Oregon or of any political subdivision of such State and neither said State nor any such political subdivision shall be liable thereon. The holders of the Bonds shall not have the right to compel any exercise of the ad valorem taxing power of the State of Oregon or any political subdivision thereof to pay the Bonds or the interest thereon. The Port shall not be obligated to pay the Bonds or the interest thereon except from the revenues and receipts derived by the Port from or in connection with the Project as aforesaid. Neither the faith and credit nor the taxing power of Issuer or the State of Oregon or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. Each Bond shall contain on the face thereof a statement to the effect of the preceding three sentences.

ARTICLE III

Authentication and Delivery of Bonds

SECTION 3.01. Limitation of Principal Amount of Bonds; Bonds Equally and Ratably Secured. The aggregate principal amount of Bonds which may be executed by the Port and authenticated by the Trustee and delivered and secured by this Ordinance is not limited, except as is or may hereafter be provided in this Ordinance or as may be limited by law. This Ordinance creates and shall be and constitute a continuing, irrevocable and exclusive lien upon, and pledge of, the Revenues, the proceeds received by the Port from the sales of the Bonds and the income earned by the investment of funds under this Ordinance to the extent provided in this Ordinance. All Bonds issued and to be issued hereunder are, and are to be, to the extent provided in this Ordinance, equally and ratably secured by this Ordinance without preference, priority or distinction on account of the actual time or times of the authentication or delivery or maturity of the Bonds and coupons, or any of them, so that, subject as aforesaid, all Bonds and coupons at any time outstanding hereunder shall have the same right, lien and preference under and by virtue of this Ordinance and shall all be equally and ratably secured hereby with like effect as if they had been all executed, authenticated and delivered simultaneously on the date hereof, whether the same or any of them shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date, or whether they, or any of them, shall have been authorized to be authenticated and delivered under Section 3.02 or may be authorized to be authenticated and delivered hereafter pursuant to Sections 2.04, 2.05, 2.07, 2.08, 3.03, 3.04 or 8.04 of this Ordinance.

SECTION 3.02. 1979 Series Bonds to be Authenticated and Delivered by Trustee Upon Receipt of Certain Items. 1979 Series Bonds in the aggregate principal amount of Three Million Four Hundred Thirty Thousand Dollars ($3,430,000), being the first Series of Bonds

issued under this Ordinance, shall forthwith be executed by the Port and delivered to the Trustee for authentication, together with a statement as to the amount and disposition of the proceeds of the sale of such principal amount of said Bonds, and thereupon the 1979 Series Bonds shall be authenticated by the Trustee and shall be delivered to or upon the written order of the President of the Port, but only upon the receipt by the Trustee of the aforesaid proceeds of sale of which an amount equal to the interest on said Bonds accrued to the date of delivery thereof shall be deposited in the Bond Fund and the balance thereof shall be deposited in the Construction Fund. Prior to authentication and delivery of the 1979 Series Bonds by the Trustee, the Trustee shall also have received the following:

(a) A copy of the resolution or resolutions adopted by the Port providing for the terms and details of the 1979 Series Bonds, duly certified by the Secretary of the Port, under its corporate seal, to have been duly adopted by the Port and to be in full force and effect on the date of such certification;

(b) A copy of this Ordinance, duly certified by the Secretary of the Port, under its corporate seal, to have been duly adopted by the Port and to be in full force and effect on the date of such certification;

(c) An Opinion of Counsel, addressed to the Trustee, as to the validity of the issuance of the 1979 Series Bonds and as to the taxability of the income from such Bonds under the Internal Revenue Code of 1954, as amended; and

(d) An original executed counterpart of the Sale Agreement and the Guarantee;

SECTION 3.03. Issuance of Additional Bonds with Respect to Project. Subsequent to the authentication, issuance and delivery of the 1979 Series Bonds, one or more Series of Additional Bonds may be authenticated by the Trustee and delivered upon original issuance for the purpose of providing funds to pay any one or more of the following (i) the Cost of completion of the Project and (ii) the Cost of making, at any time and from time to time such substitutions, additions, modifications and improvements in, on or to the project as the Corporation may deem desirable. Such Additional Bonds shall be on a parity with and secured in the same manner as all other Bonds then outstanding. The Port may execute and deliver to Trustee, and Trustee shall thereupon authenticate such Additional Bonds and deliver them to the purchaser or purchasers thereof, provided that, prior to such delivery, there shall have been delivered to Trustee:

(a) A copy of the Supplemental Ordinance enacted by the Port authorizing such Additional Bonds and, providing for the terms and conditions upon which such Bonds are to be issued and authorizing execution and delivery by the Port of any agreement which is necessary to amend the Sale Agreement to (i) increase or adjust the payments to be made under the Sale Agreement to an amount sufficient to pay, as and when the same mature or become due, the principal of and interest on all outstanding Bonds, including such additional Bonds (except to such extent as the same may be payable out of moneys then in the Bond Fund or otherwise on deposit with the Trustee in accordance with this Ordinance), (ii) include as part of the Project all machinery, equipment, facilities, land and rights in land to be financed by the issuance and sale of such Additional Bonds, and (iii) make such other revisions to the Sale Agreement as are necessitated by the issuance of such Additional Bonds; provided, however, that such other revisions shall not prejudice the rights of the holders of outstanding Bonds as granted them under the terms of this Ordinance; duly certified by the Secretary of the Port, under its corporate seal, to have been duly enacted by the Port and to be in full force and effect on the date of such certification, together with a duly executed counterpart of such amendatory agreement;

(b) A written statement by the Corporation and Wacker (i) approving the issuance and delivery of such Additional Bonds and (ii) certifying that the Corporation is not then in default under the Sale Agreement;

(c) Copies, duly certified by the Secretary of the Port, of any approvals required under the Act for the issuance of such Additional Bonds;

(d) An opinion of counsel to the Port, addressed to the Trustee, to the effect that all of the conditions precedent to the issuance of such Additional Bonds set forth in this Ordinance, the Supplemental Ordinance and the Act have been satisfied and with respect to such other matters as the Trustee may reasonably request;

(e) A written order by the President of the Port requesting and authorizing the Trustee on behalf of the Port to authenticate and deliver such Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the sum

specified therein as the amount of the proceeds of the sale of the Additional Bonds being sold which shall include an amount equal to any accrued interest to the date of delivery of such Additional Bonds;

(f) An amendment to the Guarantee, or a separate guaranty containing the same provisions as the Guarantee and satisfactory to Trustee and its counsel and the Port as to form and content, signed by Wacker and accepted by Trustee, pursuant to which the amount due under the Guarantee, as amended, or the Guarantee and such separate guaranty shall equal the principal of and the premium, if any, and the interest on, all outstanding Bonds including such Additional Bonds; provided, however, that no such amendment or separate guaranty need be delivered if, in an Opinion of Counsel, the amounts required to be paid or provided in accordance with the Guarantee, will, if so paid, be sufficient for such full payment;

(g) An Opinion of Counsel experienced in matters relating to the validity of and tax exemption of interest on the obligations of states and their political subdivisions addressed to Trustee, to the effect that all of the conditions precedent to the issuance of such Additional Bonds set forth in this Ordinance and the Supplemental Ordinance authorizing such Additional Bonds have been satisfied and that such issuance will not impair the exemption of interest on the Bonds then outstanding from Federal income taxation.

The proceeds of such Additional Bonds shall be deposited with and held and disbursed by the Trustee as provided in the Supplemental Ordinance providing for such Additional Bonds.

SECTION 3.04. Issuance of Additional Bonds for Refunding Purposes. The Port, if and to the extent authorized by law, in addition to the Bonds authorized to be executed, authenticated and delivered pursuant to the other provisions of this Article III, may execute and deliver to the Trustee, and the Trustee shall thereupon authenticate and deliver to or upon the written order of the President of the Port, Additional Bonds, which shall be on parity with and secured in the same manner as all other Bonds then outstanding, for the purpose of refunding all or any part of the Bonds of any one or more Series issued under the provisions of this Ordinance and then outstanding, but only upon the receipt by the Trustee, in addition to the items required under Section 3.03 of this Ordinance, of:

(a) a copy of a resolution or resolutions adopted by the Port describing the Series of Bonds to

be refunded and authorizing all necessary action in connection with the refunding thereof pursuant to the provisions of this Ordinance and stating the estimate by the Port of its expenses in connection with the issuance of such Additional Bonds, certified by the Secretary of the Port under its corporate seal to have been duly adopted by the Port and to be in full force and effect on the date of such certification;

(b) evidence satisfactory to the Trustee that notice of redemption of the Bonds to be redeemed has been published or given as provided in this Ordinance, or that provisions satisfactory to the Trustee have been made for the publication or giving of such notice; and

(c) the proceeds (including accrued interest and any premium) of such Additional Bonds and investment income therefrom as provided in Section 14.02 hereof, if any, which, exclusive of accrued interest, shall be not less than an amount sufficient (together with any other moneys available to the Trustee for such purpose) to pay any interest on the Bonds of each Series to be refunded to maturity or to date fixed for redemption thereof, the principal of and the redemption premium (if any) on the Bonds to be refunded, plus the amount estimated by the Port as necessary for payment of its expenses in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds.

The amount estimated by the Port for payment of its expenses in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds shall be set aside by the Trustee out of such proceeds and applied by it in payment of such expenses upon receipt of an Officers' Certificate in substantially the form of the requisition described in Section 5.03 of this Ordinance. The balance of such proceeds shall be held and applied by the Trustee in the manner hereinafter in this Section 3.04 set forth. Any amount of the moneys set aside for the payment of such expenses remaining after receipt of any Officers' Certificate to the effect that all such expenses have been paid or provided for shall be transferred by the Trustee to the Bond Fund.

Simultaneously with the delivery of such Additional Bonds, the Trustee shall withdraw from any sums then available for payment of interest on the Bonds to be refunded an amount sufficient (together with any excess of the proceeds of such Additional Bonds over the amount required for paying the principal of and the redemption premium (if any) on the Bonds to be refunded, after excluding from such proceeds accrued interest and excluding the

amount set aside for the payment of the expenses of the Port in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds, but including any premium) to pay the interest on the Bonds to be refunded which will become payable on or prior to their maturity or the date fixed for their redemption, as the case may be. The amount so withdrawn and the proceeds of such Additional Bonds (excluding accrued interest and the amount set aside for the payment of the expenses of the Port in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds, but including any premium) shall be held by the Trustee in trust for the sole and exclusive purpose of paying the principal of and interest and redemption premium (if any) on the Bonds to be refunded. The amount paid as accrued interest on such Additional Bonds shall be deposited by the Trustee in the Bond Fund.

ARTICLE IV

Construction of Project

SECTION 4.01. Construction of Project; Changes in Plans and Specifications. In the Sale Agreement the Corporation has agreed to acquire, construct and install the Project, or cause the Project to be acquired, constructed and installed, substantially in accordance with the Plans and Specifications.

The Corporation may revise the Plans and Specifications at any time and from time to time prior to the Completion Date. No revision in the Plans and Specifications will be made in the course of construction of the Project unless and until such revision shall have been certified by an Authorized Company Representative and filed with the Port. No material change in the Plans and Specifications shall be made unless (i) a copy of each such revision, duly certified by an Authorized Company Representative, shall be filed with the Port; (ii) an Authorized Company Representative shall certify to the Trustee that such revision is for the purpose of accommodating technological changes or changes in governmental pollution control standards or is otherwise desirable and that the Project provided for by such revised Plans and Specifications will qualify for financing under the provisions of Section 103(a) and (b)(4)(F) of the Internal Revenue Code of 1954, as amended, and any applicable regulations thereunder and will constitute facilities for the control, abatement or prevention of water or air pollution; and (iii) the Trustee shall be furnished with either an unqualified Opinion of Counsel experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions or a ruling of the Internal Revenue Service that such revision and the expenditure of moneys from the Construction Fund to pay the Cost of the Project in accordance with such revision will not impair the exemption of interest on outstanding Bonds from Federal income taxation.

ARTICLE V

Construction Fund

SECTION 5.01. Creation of Construction Fund. There is hereby created and established with the Trustee a trust fund, to be designated "Port of Portland Pollution Control Construction Fund - Wacker Siltronic Corporation Project". The Port shall pay to the Trustee the proceeds from the sale by the Port of each Series of Bonds, and the Trustee shall deposit the same in the Construction Fund, except that an amount thereof equal to the interest accrued on such Series of Bonds to the date of their delivery to the initial purchasers thereof shall be deposited by the Trustee in the Bond Fund.

SECTION 5.02. Applications of Moneys in Construction Fund. The moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project, shall be held in trust by the Trustee and, pending such application shall be subject to a lien and charge in favor of the holders of the Bonds and for the further security of such holders until paid out as herein provided.

SECTION 5.03. Construction Fund Requisitions. The Trustee shall make payments from the Construction Fund to pay the Cost of the Project upon receipt by the Trustee of requisitions (upon which both the Trustee and the Port shall rely and shall be protected in relying) signed by an Authorized Company Representative, stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the Person to whom payment is due (or, in the case of payments to the Bond Fund, instructions to make such payments to the Bond Fund), (3) the amount to be paid, and (4) that each obligation, item of cost or expense mentioned therein has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous withdrawal. The Port shall receive from the Corporation a copy of all such requisitions within 1 day from receipt thereof by the Trustee.

SECTION 5.04. Retention of Requisitions. For seven years from the date thereof the Trustee shall retain in its possession all requisitions received by it as in this Ordinance required, subject to the inspection of the Port, its agents and representatives, the Corporation and the Bondholders and their representatives at all reasonable times at the Corporate Trust Office.

SECTION 5.05. Completion of Project. Upon completion of the Project described in Exhibit A to the Sale Agreement or completion of any enlargements, improvements or extensions thereof or completion of any additional facilities at the Plant for the control, abatement, or prevention of water or air pollution for which Bonds shall be issued, in accordance with the Plans and Specifications, the Trustee shall be furnished with a certificate of an Authorized

Company Representative showing such completion and the date thereof and the payment of the Cost of construction thereof or the provisions necessary to be made for payment thereof. Thereupon, any balance in the Construction Fund not reserved for the payment of any remaining part of the Cost of any of the foregoing shall be applied in accordance with the provisions of Section 3.06 of the Sale Agreement.

Upon written notification to the Trustee from the Corporation (a) that the Project will not be completed for any of the reasons specified in the second paragraph of Section 3.01 of the Sale Agreement at a time when there are surplus funds remaining in the Construction Fund and (b) that such surplus funds will not be applied to the acquisition, construction and installation of other pollution control facilities as permitted by the Sale Agreement, such surplus funds shall be deposited in the Bond Fund.

ARTICLE VI

REVENUES AND BOND FUND

SECTION 6.01. Source of Payment of Bonds. The Bonds herein authorized and all payments by the Port hereunder are not general obligations of the Port but are limited obligations payable solely from revenues and receipts derived from or in connection with the Project as provided in Section 2.13 hereof (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Bonds or to the income from the temporary investment thereof) and as authorized by the Act and provided herein.

The right, title and interest of the Port in the Project has been sold to the Corporation under the Sale Agreement and the purchase price payments provided in Section 4.02 of the Sale Agreement are to be remitted directly to the Trustee for the account of the Port and deposited in the Bond Fund (other than those amounts described in clause (i) of the definition of Administration Expenses). Such purchase price payments, sufficient in amount to insure the prompt payment of the principal of and premium, if any, and interest on the Bonds, are pledged to such payment.

SECTION 6.02. Creation of the Bond Fund. There is hereby created by the Port and ordered established with Trustee a trust fund to be designated "Port of Portland Pollution Control Bond Fund-Wacker Siltronic Corporation Project", which shall be used to pay the principal of and premium, if any, and interest on the Bonds.

SECTION 6.03. Payments into the Bond Fund. There shall be deposited in the Bond Fund all accrued interest received at the time of the issuance and delivery of the Bonds. In addition, there shall be deposited in the Bond Fund, as and when received (a) any amount in the Construction Fund directed to be paid into the Bond

Fund under Section 3.06 of the Sale Agreement; (b) all purchase price payments specified in the first paragraph of Section 4.02 of the Sale Agreement; (c) all money received for deposit in the Bond Fund pursuant to the Guarantee; and (d) all other moneys received by Trustee under and pursuant to any of the provisions of the Sale Agreement or this Ordinance which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. The Port hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be paid to Trustee for deposit in the Bond Fund for its account, sufficient sums from the revenues and receipts derived by the Port from or in connection with the Project and pledged hereunder, whether or not under and pursuant to the Sale Agreement:

> (a) On the business day next preceeding each interest payment date with respect to any Series of Bonds, the sum which, together with other moneys available therefor in the Bond Fund (including moneys transferred to such Fund for interest on the Bonds), will equal the interest to be paid on such Series of Bonds on such interest payment date; and
>
> (b) On the business day next preceding each Principal Installment Date, the sum which, together with other moneys available therefor in the Bond Fund, will equal the sum of (i) the principal of Bonds of any Series which will mature on such Principal Installment date, (ii) the amount, if any, required to be deposited in the Bond Fund to meet the Sinking Fund Requirement on such Principal Installment date and (iii) any applicable redemption premium.

The Port or the Corporation may, at least 45 days prior to any date on which payment of any Sinking Fund Requirement is due, (a) deliver to Trustee for cancellation Bonds of the Series and maturity for which such Sinking Fund Requirement is established in any aggregate principal amount desired with all unmatured coupons, if any, attached, or (b) request a credit in respect of such Sinking Fund Requirement for any such Bonds which, prior to such Sinking Fund Requirement payment date, have been redeemed or so delivered to Trustee and cancelled by Trustee and which have not theretofore been applied as a credit against any Sinking Fund Requirement, together with an Officer's Certificate or Authorized Company Representative, as the case may be, so specifying. Each such Bond so delivered or previously redeemed will be credited by the Trustee at 100% of the principal amount thereof against such Sinking Fund Requirement, and the principal amount of such Bonds to be redeemed on the due date of such Sinking Fund Requirement will be reduced accordingly.

Subject to and in accordance with the provisions of Article VIII of this Ordinance, Trustee shall on or before the thirtieth day

next preceding a Sinking Fund Requirement due date, call for redemption on the following Sinking Fund Requirement due date such amount of Bonds of the Series and maturity for which a Sinking Fund Requirement is established, selected by lot or other manner acceptable to and deemed fair by Trustee, as will exhaust all moneys required to be deposited for the Bonds of such Series in the Bond Fund pursuant to the Sinking Fund Requirement. Accrued interest and premium, if any, on such Bonds so redeemed shall be paid from the Bond Fund, and all expenses in connection with such redemption shall be paid by the Corporation.

Trustee, without further authorization than is in this Section 6.03 contained, shall pay from the moneys in the Bond Fund (i) the interest on the Bonds as and when the same shall become due, provided that such payment of interest on such Bonds with coupons attached shall be made only upon presentation and surrender of the appropriate coupons as they severally mature, and (ii) the principal of the Bonds as and when the same shall mature, provided that such payment of principal shall be made only upon presentation and surrender of such Bonds as they severally mature.

Whenever so directed by the Corporation, Trustee shall use such moneys in the Bond Fund as the Corporation shall designate to (1) endeavor to purchase Bonds then outstanding on the most advantageous terms obtainable with reasonable diligence, such price not to exceed the then current redemption price of such Bonds, or if no redemption price shall then be currently effective, the redemption price which shall first become effective thereafter as to such Bonds, or (2) call for redemption on the next practical redemption date, such amount of Bonds as the Corporation shall specify. Accrued interest on the Bonds so purchased or redeemed shall be paid from the Bond Fund. All other expenses in connection with such purchase or redemption shall be paid by the Corporation. Any such redemption shall be made subject to and in accordance with the provisions of Article VIII of this Ordinance.

If at any time the aggregate of the amounts then on deposit in the Bond Fund is sufficient to pay when due the principal of and premium, if any, and interest on the Bonds remaining outstanding, together with any payments due to the Trustee and the Port, Trustee shall notify the Corporation that no additional or further payments need be made under this Ordinance, and the Trustee shall apply the moneys then in the Bond Fund to the payment of the principal of and premium, if any, and interest on the Bonds as they mature and to the payments of the amounts, if any, payable to itself as Trustee, to any Paying Agent and to the Port.

SECTION 6.04. Custody of Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the Port, and the Port hereby authorizes and directs Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of and premium, if any,

and interest on the Bonds as the same become due and payable, which authorization and direction Trustee hereby accepts.

SECTION 6.05. Non-presentment of Bonds or Coupons. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, or in the event any coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay such Bond or coupon shall have been made available to Trustee for the benefit of the holder or holders thereof, all liability of the Port to the holder thereof for the payment of such Bond or coupon, as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of Trustee to hold such funds, without liability for interest thereon, for the benefit of the holder of such Bond, or the holder of such coupon, as the case may be, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Ordinance or on, or with respect to, said Bond or coupon.

SECTION 6.06. Repayment to Corporation from the Bond Fund. Any amounts remaining in the Bond Fund after full payment of the Bonds, all Administration Expenses and expenses and fees of the Trustee, and all other amounts required to be paid hereunder, shall be paid to the Corporation upon the expiration or sooner termination of the Sale Agreement, it being recognized that such amounts shall have been accumulated as the result of overpayments of purchase price payments by the Corporation under the Sale Agreement.

ARTICLE VII

SECURITY FOR AND INVESTMENT OF MONEYS

SECTION 7.01. Moneys to be Held in Trust. All moneys from time to time received by the Trustee and held in any Fund created under this Ordinance shall be held in trust by the Trustee for the benefit of the holders from time to time of the Bonds and coupons entitled to be paid therefrom, subject to the provisions of Section 9.10 of this Ordinance.

SECTION 7.02. Moneys to be Secured. All moneys received by the Trustee under this Ordinance and not invested by the Trustee pursuant to the provisions of Section 7.03 of this Ordinance, to the extent not insured by the Federal Deposit Insurance Corporation or other Federal agency, shall be deposited with a Federal Reserve Bank or with the Trustee, if so authorized by law with respect to trust funds in Oregon, or with a national or state bank or a trust company which has a combined capital and surplus aggregating not less than $15,000,000.

SECTION 7.03. Investment of Moneys. Moneys on deposit to the credit of the Construction Fund or the Bond Fund may be retained uninvested as trust funds and shall, upon receipt from time to time of a certificate of an Authorized Company Representative (or, if the Corporation is in default under the Sale Agreement, an Officers' Certificate) specifying and directing that such investment of such funds be made, be invested by the Trustee, to the extent permitted by law, (i) in direct obligations of, or obligations guaranteed by, the United States of America or the State of Oregon, or (ii) in certificates of deposit of one or more national or state banks (which may include the Trustee) having a combined capital and surplus of not less than $15,000,000, which certificates shall be secured by obligations of the type mentioned in clause (i) above, or (iii) as otherwise permitted by law. The Trustee shall have no obligation to invest any moneys on deposit hereunder in the absence of a certificate of an Authorized Company Representative or an Officers' Certificate as provided in this Section 7.03. Such investments shall have maturity dates, or shall be subject to redemption by the holder, at the option of the holder, on or prior to the dates the moneys invested therein will be needed for the purposes of such Funds.

The securities purchased with the moneys in each such Fund shall be deemed a part of such Fund and, for the purpose of determining the amount of money in such Fund, the securities therein shall be valued at their cost or market value, excluding accrued interest, whichever is lower. The interest, including realized increment on securities purchased at a discount, received on all such securities (after deduction for accrued interest, commissions, if any, and premium paid from such Fund at time of purchase) shall be deposited by the Trustee in the Fund in which the moneys were originally held and any loss shall be charged to such Fund.

SECTION 7.04. Balance to Corporation Any balance in any of the Funds created under this Ordinance or otherwise held by the Trustee after all the Bonds, together with the interest thereon, and Administration Expenses have been paid in full and all amounts due to the Trustee and the Port have been paid, shall be paid over to the Corporation.

ARTICLE VIII

REDEMPTION OF BONDS

SECTION 8.01. Redemption of Bonds. Any redemption of all or any part of the Bonds which are subject to redemption, including any redemption through the operation of any Sinking Fund Requirement, shall be made in the manner provided in this Article VIII.

SECTION 8.02. Limitations on Redemption. A redemption of Bonds issued under the provisions of this Ordinance and then

outstanding shall be either (1) a redemption of the whole or any part of one or more Series from the proceeds of Additional Bonds issued under the provisions of Section 3.04 of this Ordinance; (2) a redemption of the whole or any part of one or more Series from any funds available to the Port for that purpose; (3) a redemption pursuant to the provisions of Section 2.02 or 6.03 of this Ordinance; or (4) a redemption pursuant to the provisions of a Supplemental Ordinance.

Unless otherwise provided in respect of a particular Series of Bonds, if less than all of the Bonds of a Series of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of said maturity to be redeemed shall be selected by lot by the Trustee or in such other manner as the Trustee in its discretion may deem proper in order to assure to each holder of Bonds a fair opportunity to have his Bond or Bonds or portions thereof drawn; provided, however, the Trustee shall treat each such Bond of a denomination of more than $5,000 as representing that number of Bonds of $5,000 denomination obtained by dividing the principal amount of such Bond by $5,000.

SECTION 8.03. Notice of Redemption. In the case of any redemption, the Trustee shall give in its own name or in the name of the Port notice by publication, as hereinafter in this Section 8.03 provided, that Bonds of a particular Series and maturity date identified by serial numbers have been called for redemption and, in the case of registered Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the outstanding Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Corporate Trust Office, at the applicable redemption price (specifying such price), together with accrued interest to such date, and that all interest on the Bonds or portions thereof, so to be redeemed will cease to accrue on and after such date.

Such notice shall be given by publishing the same once a week for two successive weeks (the first publication to be at least thirty (30) but not more than sixty (60) days before the date fixed for redemption) in a newspaper of general circulation which carries financial news, is printed in the English language and is customarily published on each business day in The City of New York and in a newspaper of general circulation within the Port's boundaries. If any registered Bonds or portions thereof shall be called for redemption, a similar notice shall be mailed by registered or certified mail in a sealed envelope, postage prepaid, at least thirty (30) days prior to the date fixed for redemption , to the Registered Owners of such Bonds, of portions thereof, so called, at their respective addresses as the same shall last appear on the Bond Register; but the mailing of such notice shall not be a condition precedent to such redemption,

and failure so to mail such notice shall not affect the validity of such call for redemption.

In case, by reason of the suspension of publication of any authorized newspaper, or by reason of any other cause, it shall be impracticable to make publication of any notice in an authorized newspaper or authorized newspapers as required by this Ordinance, then such method of publication or notification as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail notice to the Registered Owners of registered Bonds of any event when such notice is required to be given pursuant to any provision of this Ordinance, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice. Any notice mailed as provided in this Section 8.03 shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice.

Anything in this Ordinance contained to the contrary notwithstanding, if and so long as all the Bonds called for redemption are registered as to ownership, any notice herein required to be given by publication with respect to the Bonds, may, at the option of the Port in lieu of such publication, be given by mailing the same by first class mail, in a sealed envelope, postage prepaid, addressed to each Registered Owner of Bonds as his address shall last appear on the Bond Register, such notice to be so mailed on or before the date upon which the first publication would have been required if notice by publication had been given, and any notice in this Ordinance required may be omitted if the holders of all the Bonds called for redemption give to the Trustee a written waiver of such notice.

SECTION 8.04. Right of Holders of Bonds Called for Redemption. If notice of redemption has been given as provided in Section 8.03 of this Ordinance, the Bonds or portions thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with accrued interest to the date fixed for redemption. Payment of the redemption price, together with accrued interest, shall be made by the Trustee upon surrender of such Bonds with, if coupon Bonds or coupons Bonds registered as to principal only, all unmatured coupons appertaining thereto. The expense of giving notice and any other expenses of redemption shall be paid by the Corporation. If there shall be called for redemption less than the principal amount of a registered Bond, the Port shall execute and deliver and the Trustee shall authenticate, upon surrender of such Bond, and without charge to the Registered Owner thereof, at the option of the Registered Owner, either coupon Bonds or registered Bonds without coupons of like Series and maturity date for

the unredeemed portion of the principal amount of the registered Bond so surrendered.

Prior to the date fixed for redemption, funds shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the Bonds called, together with accured interest theron to the redemption date and any required premium. From and after the date fixed for redemption designated in such notice (deposit of sufficent redemption moneys having been made with the Trustee and notice having been given or waived as aforesaid), notwithstanding that any Bonds so called for redemption in whole or in part shall not have been surrendered for cancellation, no futher interest shall accrue upon the principal of any of the Bonds or portions thereof so called for redemption and all coupons for interest maturing subsequent to such date fixed for redemption shall be void; and such Bonds or portions thereof so to be redeemed shall cease to be entitled to any lien, benefit or security under this Ordinance, and the holders thereof shall have no rights in respect of such Bonds or portions thereof except to receive payment of the redemption price thereof and unpaid interest accrued to the date fixed for redemption. Coupons which have matured on or before such date fixed for redemption shall remain payable to bearer upon presentation and surrender thereof in accordance with their terms. All Coupons for interest maturing subsequent to such date shall be void.

All Bonds which have been redeemed shall not be reissued but shall be cancelled and cremated or otherwise destroyed by the Trustee in accordance with Section 2.11 hereof.

SECTION 8.05. Mandatory Redemption of 1979 Series Bonds in Event of Taxability. The Trustee shall, promptly after receipt by it of notice of a ruling or court decision or change in law concerning Federal income taxation of the 1979 Series Bonds to the effect specified in Section 2.02 of this Ordinance, send written notification to the Corporation and the Port that the outstanding 1979 Series Bonds shall be redeemed pursuant to the requirements of Section 2.02, subject to the Corporation's election of its option thereunder, and the date upon which such 1979 Series Bonds are to be so redeemed. As such date for redemption, the Trustee shall select the earliest practicable date on which it deems the outstanding 1979 Series Bonds may be so redeemed, provided, however, that the date fixed for such redemption (i) shall be within 180 days after the receipt by the Trustee of the aforesaid notice and (ii) shall be such a date as will permit proper publication of notice of such redemption pursuant to Section 8.03 of this Ordinance. The Trustee shall also proceed, in accordance with Article VIII of this Ordinance, to call for redemption on such date all outstanding 1979 Series Bonds, which will not mature or otherwise be redeemed prior to the aforesaid redemption date, at the redemption price specified in Section 2.02 of this Ordinance. The Trustee shall take the actions specified in this

Section without any further authorization than is contained in this Section and shall take such action without the necessity of obtaining any consents or approvals of the Corporation or the Port.

SECTION 8.06. Mandatory Redemption of 1979 Series Bonds Upon Happening of Certain Events. The Trustee shall, promptly after receipt by it of notice from the Corporation to the effect specified in subparagraph B of Section 2.02 hereof, send written notification to the Corporation and the Port that the outstanding 1979 Series Bonds shall be redeemed pursuant to the requirements of Section 2.02 and the date upon which such 1979 Series Bonds are to be so redeemed. As such date for redemption, the Trustee shall select the next applicable interest payment date, which shall be not less than 60 days from the date of receipt of notice from the Bondholders by the Corporation as provided in Section 4.05(2) of the Sale Agreement. The Trustee shall also proceed, in accordance with Article VIII of this Ordinance, to call for redemption on such date all outstanding 1979 Series Bonds, which will not mature or otherwise be redeemed prior to the aforesaid redemption date, at the redemption price specified in Section 2.02 of this Ordinance. The Trustee shall take the actions specified in this Section without any further authorization than is contained in this Section and shall take such action without the necessity of obtaining any consents or approvals of the Corporation or the Port.

ARTICLE IX

Particular Covenants of the Port

SECTION 9.01. Payment of Principal, Premium, if any, and Interest. The Port will promptly pay (but solely from the Revenues, the proceeds of the Bonds and the income earned by the investment of funds under this Ordinance) the principal of and the interest on every Bond issued under and secured by this Ordinance and any redemption premium required to be paid for the retirement of said Bonds by redemption at the places, on the dates and in the manner specified in this Ordinance and in said Bonds and in the coupons thereto appertaining, according to the terms thereof.

SECTION 9.02. Maintenance of Corporate Existence. The Port will at all times maintain its corporate existence and will use its best efforts to maintain, preserve and renew all its rights, powers, privileges and franchises; and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Project.

SECTION 9.03. No Amendment of Sale Agreement Without Consent. So long as any of the Bonds are outstanding, the Port will require the Corporation to pay, or cause to be paid, all the payments

and other costs and charges payable by the Corporation under the Sale Agreement. The Sale Agreement may not be amended, changed, modified, altered or terminated so as to adversely affect the interest of the holders of outstanding Bonds without the prior written consent of (a) the holders of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds then outstanding, and (b) in case less than all of the several Series of Bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds of each Series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding Bonds under this Section 9.03; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of outstanding Bonds the consent of the holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made under the Sale Agreement or extend the time of payment thereof. No amendment of the Sale Agreement shall be made without the prior written consent of the Corporation. The Sale Agreement may be amended, changed, modified, altered or terminated without the consent of the holders of outstanding Bonds to provide necessary changes in connection with the issuance of Additional Bonds or to provide other changes which will not adversely affect the interests of such holders.

SECTION **9.04. Execution of Amendment to Sale Agreement.** (a) Prior to the issuance of any Additional Bonds under the provisions of Section 3.03 of this Ordinance for the purpose of providing funds for the completion of payment of the Cost of the Project, the Port will, if necessary, enter into an appropriate agreement amending the Sale Agreement. Such amendatory agreement shall increase, if necessary, the payments to be made under the Sale Agreement to an amount which shall be sufficient to provide for payment of the principal of and interest and redemption premium (if any) on such Additional Bonds as the same shall become due and payable in accordance with their terms. In addition, such amendatory agreement shall include in the Project as defined in the Sale Agreement, if necessary, all machinery, equipment, facilities, land and rights in land to be financed by the issuance and sale of such Additional Bonds, if any, and make such other revisions in the Sale Agreement as are necessitated by the issuance of such Additional Bonds; provided, however, that such other revisions shall not adversely affect the rights of the holders of outstanding Bonds, as granted them under the terms of this Ordinance.

(b) The Port shall not issue any Additional Bonds under the provisions of Section 3.04 of this Ordinance for the purpose of

refunding all or any part of the Bonds of any one or more Series unless the payments under the Sale Agreement shall be sufficient to provide for payment of the principal of and interest and redemption premium (if any) on all Bonds which will be outstanding upon the issuance of such Additional Bonds as the same become due and payable.

(c) Upon the execution of each such amendatory agreement the Port will execute and deliver to the Trustee for the benefit of the holders of the Bonds a proper instrument or instruments of assignment and pledge, assigning and pledging to the Trustee all the right, title and interest of the Port in and to each such amendatory agreement and the amounts payable to the Port thereunder.

SECTION 9.05. Performance of Covenants; The Port. The Port covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Ordinance, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Port covenants that it is duly authorized under the Constitution and laws of the State of Oregon, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Ordinance, to execute and deliver the Sale Agreement, to assign the Sale Agreement and amounts payable under the Sale Agreement, and to pledge the amounts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Ordinance has been duly and effectively taken, and that the Bonds in the hands of the holders thereof and the coupons appertaining thereto in the hands of the holders thereof are and will be valid and enforceable obligations of the Port according to the terms thereof and hereof.

SECTION 9.06. Instruments of Further Assurance. The Port covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such documents supplemental hereto and such further acts, instruments and transfers as Trustee may reasonable require for the better assuring, transferring, pledging, assigning and confirming unto Trustee all and singular the rights assigned hereby and the amounts pledged hereby to the payment of the principal of and premium, if any, and interest on the Bonds. The Port covenants and agrees that, except as herein and in the Sale Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any of the revenues and receipts derived from or in connection with the Project or any of its rights under the Sale Agreement or any of the funds pledged hereunder.

SECTION 9.07. Inspection of Project Books. The Port and Trustee covenant and agree that all books and documents in their possession relating to the Project and the revenues and receipts derived from or in connection with the Project including payments

under the Sale Agreement and the Guarantee shall at all times be open to inspection by such accountants or other agencies as the other party may from time to time designate.

SECTION 9.08. List of Bondholders. Trustee will keep on file a list of names and addresses of all holders of Bonds who may request that their names and addresses be placed on said list by filing written request with the Port or with Trustee which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by Trustee, said list may be inspected and copied by the Corporation or by holders (or a designated representative thereof) of fifteen percent or more in principal amount of Bonds then outstanding, such possession or ownership and the authority of such designated representative to be evidenced to the satisfaction of Trustee.

SECTION 9.09. Rights under Agreement. The Sale Agreement, a duly executed counterpart of which has been filed with Trustee, sets forth the covenants and obligations of the Port and the Corporation, including provisions that subsequent to the issuance of the Bonds and prior to their payment in full or provision for payment thereof, and reference is hereby made to the same for a detailed statement of said covenants and obligations of the Corporation thereunder, and the Port agrees that Trustee in its name or to the extent permitted by law, in the name of the Port, may enforce all rights of the Port and all obligations of the Corporation under and pursuant to the Sale Agreement for and on behalf of the Bondholders whether or not the Port is in default hereunder.

SECTION 9.10. No Extension of Time for Payment. In order to prevent any accumulation of coupons or claims for interest after maturity, the Port will not directly or indirectly extend or assent to the extension of the time of payment of any coupons appertaining to, or claims for interest on, any of the Bonds and will not directly or indirectly be a party to or approve any such arrangement by purchasing or funding such coupons or claims for interest or in any other manner. In case any such coupons or claim for interest shall be extended or funded in violation of this Section, such coupons or claim for interest shall not be entitled, in case of any default under this Ordinance, to the benefit or security of this Ordinance except subject to the prior payment in full of the principal of and redemption premium (if any) on all Bonds issued and outstanding under this Ordinance, and of all coupons and claims for interest which shall not have been so extended or funded.

SECTION 9.11. Filing. The Port agrees that there will promptly be filed in accordance with the provisions of the Uniform Commercial Code of the State of Oregon or any jurisdiction the laws of which may be applicable, or any similar statutory provision,

Financing Statements between the Port and the Trustee covering the assignment and pledge of the Port's right, title and interest in the Sale Agreement, and all amounts payable on account thereof, and Financing Statements between the Port and the Corporation in respect of the equipment, machinery and other facilities comprising part of the Project and that the Port will file or cause to be filed from time to time such necessary Financing Statements as may be required to continue the perfection of the security interests described in such Financing Statements, and that it will file promptly with the Trustee evidence of each such filing. Upon filing of such continuation Financing Statements, the Corporation will deliver to the Trustee an Opinion of Counsel satisfactory to the Trustee to the effect that all filings then required to continue the perfection of such security interests have been accomplished in compliance with the foregoing requirements.

SECTION 9.12. Compliance with Sale Agreement. Any requirement imposed by this Ordinance or the Sale Agreement on the Port may, if not performed by the Port, be performed by the Corporation and such performance by the Corporation shall constitute compliance with the requirement of this Ordinance or the Sale Agreement as if performed by the Port.

ARTICLE X

Defaults and Remedies

SECTION 10.01. Defaults; Events of Default; Acceleration. In case one or more of the following events, in this Ordinance referred to as the "Events of Default", shall happen and be continuing, that is to say, if

(a) payment of the principal of the Bonds and redemption premium (if any) shall not be made when the same shall become due and payable at maturity, upon redemption or otherwise; or

(b) payment of an installment of interest on any Bonds shall not be made when the same shall become due and payable; or

(c) the occurrence of an event of default under the Sale Agreement; or

(d) the Port shall default in the due and punctual performance of any covenant, condition, agreement or provision contained in the Bonds or in this Ordinance on the part of the Port to be performed, and such default shall continue for sixty(60) days after written notice specifying such default and requiring

the same to be remedied shall have been given to the Port and the Corporation by the Trustee by registered mail, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the holders of not less than twenty-five percent (25%) in aggregate principal amount of all Bonds then outstanding, however, if said default be such that it cannot reasonably be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Port or the Corporation within the applicable period and diligently pursued until the default is corrected; or

(e) the occurrence of default under the Guarantee.

then, in each such case, unless the principal of all the Bonds shall have become due and payable otherwise than by acceleration, the Trustee may, and upon written request of the holders of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then outstanding shall, by written notice given to the Port and the Corporation by the Trustee and provided that the default has not theretofore been cured, declare the principal of all Bonds then outstanding to be due and payable immediately, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided in the said notice, anything in this Ordinance or in said Bonds to the contrary notwithstanding.

The above provisions, however, are subject to the condition that if, after the principal of all Bonds then outstanding shall have been so declared to be due and payable, all arrears of interest upon such Bonds, and interest on overdue installments of interest (if lawful) at a rate per annum which is one percentage point greater than the highest rate per annum borne by any of the Bonds and the principal and redemption premium, if any, on all Bonds then outstanding which shall have become due and payable otherwise than by acceleration, and all other sums payable under this Ordinance, except the principal of, and interest on, the Bonds which by such declaration shall have become due and payable, shall have been paid by or on behalf of the Port, and the Port also shall have performed all other things in respect of which it may have been in default under this Ordinance, and shall have paid the reasonable expenses of the Trustee and of the holders of such Bonds, including reasonable attorneys' fees (including attorney's fees for appeals) paid or incurred, then and in every such case, such default shall be waived and such declaration and its consequences rescinded and annulled by the Trustee by written notice given to the Port and the Corporation by registered mail, which waiver, rescission and annulment shall be binding upon all Bondholders; but no such waiver, rescission and annulment shall

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extend to or affect any subsequent default or impair any right or remedy consequent thereon.

SECTION 10.02. Trustee to have Right to Enforce Sale Agreement. In any case in which under the provisions of Section 10.01 of this Ordinance the Trustee has the right to declare the principal of all Bonds then outstanding to be due and payable immediately, or when the Bonds by their terms mature (upon redemption or otherwise) and are not paid, the Trustee, as the assignee and pledgee of all the right, title and interest of the Port in and to the Sale Agreement, may enforce each and every right granted to the Port under the Sale Agreement.

SECTION 10.03. Other Remedies. Upon the happening and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding and receipt of indemnity to its satisfaction shall:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders and require the Port or the Corporation to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act, the Sale Agreement, the Guarantee and this Ordinance;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Port to account as if it were the trustee for an express trust for the Bondholders; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

SECTION 10.04. Abandonment of Proceedings by Trustee. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall hve been determined adversely to the Trustee, then and in every such case the Port, the Trustee and the Bondholders shall be restored to their former positions and rights under this Ordinance, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

SECTION 10.05. Right of Bondholder to Direct Proceedings. Anything in this Ordinance to the contrary notwithstanding, upon the happening and continuance of any Event of Default the holders of a majority in aggregate principal amount of the Bonds then outstanding

shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Ordinance.

SECTION 10.06. Rights and Remedies of Bondholders. No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under this Ordinance, or any other remedy under this Ordinance or on said Bonds, unless such holder previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in this Ordinance granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of this Ordinance or for any other remedy under this Ordinance; it being understood and intended that no one or more holders of the Bonds secured by this Ordinance shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Ordinance, or to enforce any right under this Ordinance or under the Bonds, except in the manner in this Ordinance provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in this Ordinance provided and for the equal benefit of all holders of outstanding Bonds and coupons; subject, however, to the provisions of Section 9.10 of this Ordinance. Notwithstanding the foregoing provisions of this Section 10.06 or any other provision of this Ordinance, the obligation of the Port shall be absolute and unconditional to pay, but solely from the Revenues and other funds pledged under this Ordinance, the principal of and redemption premium (if any) and interest on the Bonds to the respective holders thereof and the coupons appertaining thereto at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such holders to enforce such payment.

SECTION 10.07. Remedies Vested in Trustee. All rights of action under this Ordinance or under any of the Bonds secured by this Ordinance which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds or coupons thereunto appertaining, or the production thereof on the trial or other

proceedings relative thereto, and any such suit, action or proceedings instituted by the Trustee shall be brought in its own name, as trustee, without the necessity of joining as plaintiffs or defendants any holders of the Bonds or bearers of outstanding coupons, and any recovery of judgement shall be for the equal and ratable benefit of the holders of the Bonds and coupons (if any) thereto appertaining, subject to the provisions of this Ordinance.

SECTION 10.08. No Remedy Exclusive. No remedy in this Ordinance conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under this Ordinance or now or hereafter existing at law or in equity or by statute.

SECTION 10.09. Delay or Omission of Trustee No Waiver of Default. No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article X to the Trustee and to the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

SECTION 10.10. Application of Moneys. All moneys received by Trustee pursuant to any right given or action taken under the provisions of this Article X or by virtue of action taken under provisions of the Sale Agreement shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by Trustee and payment of Administration Expenses, be deposited in the Bond Fund and all moneys in the Bond Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment of the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

SECOND - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Ordinance), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due (with interest on overdue installments of interest, to the extent permitted by law, at the rate per annum which is one percentage point greater than the highest rate per annum borne by any Bonds issued under this Ordinance and then outstanding) and, if the amount available shall not be sufficient to pay in full Bonds and premium, if any, due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto within any discrimination or privilege; and

THIRD - To be held for the payment to the persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege plus, if available with interest on overdue installments of interest or principal at the rate which shall be one percent above the highest rate borne by the

outstanding Bonds or the maximum rate permitted by law, whichever is lesser.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declarations shall thereafter have been rescinded and annulled under the provisions of this Article X then, in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this Section 10.10.

Whenever moneys are to be applied pursuant to the provisions of this Section 10.10, such moneys shall be applied at such times, and from time to time, as Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid coupon or any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such Bond shall be presented to Trustee for appropriate endorsement or for cancellation if fully paid.

With regard to any alleged default concerning which notice is given to the Port and the Corporation under the provisions of this Section 10.10, the Port hereby grants the Corporation full authority for the account of the Port to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Port with full power to do any and all things and acts to the same extent that the Port could do and perform any such things and acts and with power of substitution and agrees to cooperate with the Corporation to enable the Corporation to so act.

ARTICLE XI

CONCERNING THE TRUSTEE

SECTION 11.01. **Appointment of Trustee.** First National Bank of Oregon, Portland, Oregon is hereby appointed Trustee under this Ordinance. The Trustee shall signify its acceptance of the duties and obligations of the Trustee created by this Ordinance by executing and delivering to the Port a certificate to that effect.

SECTION 11.02. No Responsibility for Correctness of Statements in Ordinance. The recitals, statements and representations in this Ordinance or in the Bonds contained, save only the Trustee's certificate of authentication upon the Bonds, shall be taken and construed as made by and on the part of the Port, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any hereof or thereof. The Trustee shall have no responsibility for any funds other than those funds actually paid to or received or held by it hereunder.

SECTION 11.03. No Responsibility for Default of Agents. The Trustee shall not be answerable for the exercise of any discretion or power under this Ordinance or for anything whatever in connection with the trusts in this Ordinance created, except only for its own wilful misconduct or negligence. The Trustee shall be answerable to the Corporation for any payments it receives pursuant to the Sale Agreement which is not utilized pursuant to the provisions of the Sale Agreement or this Ordinance.

SECTION 11.04. Compensation and Reimbursement. The Port shall pay (but solely from the Revenues, the proceeds of the Bonds and the income earned by the investment of funds under this Ordinance) or cause the Corporation to pay to the Trustee reasonable compensation for all services rendered by it under this Ordinance and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts by this Ordinance created and the performance of its powers and duties under this Ordinance, including attorneys' fees for appeals. In default of such payment, the Trustee may deduct the same from any moneys coming into its hands and shall be entitled to a preference in payment over any of the Bonds and coupons outstanding under this Ordinance.

SECTION 11.05. No Duty to Effect Insurance. The Trustee shall be under no duty to effect or to renew any policies of insurance or under any liability for the failure of the Port or the Corporation to effect or renew insurance; or to report or file claims or proofs of loss for any loss or damage insured against or which may occur; nor shall the Trustee be liable as an insurer.

SECTION 11.06. No Duty to Notice Default. The Trustee shall not be required to take notice, or to be deemed to have notice, of any default under this Ordinance other than a default under Section 10.01(a) or Section 10.01(b) of this Ordiannce, unless specifically notified in writing of such default by the holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding. The Trustee may, however, at any time, in its discretion, require of the Port full information and advice as to the performance of any of the covenants, conditions and agreements contained in this Ordinance.

SECTION 11.07. No Duty to Take Action Upon Default Unless Requested by Bondholders. The Trustee shall be under no obligation to take any action in respect of any default or otherwise or toward the execution or enforcement of any of the trusts by this Ordinance created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, and if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it; but the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provisions of this Ordinance to the Trustee to take action in respect of any default without such notice or request from the Bondholders, or without security or indemnity.

SECTION 11.08. Right to Rely on Documents Believed Genuine. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, coupon, requisition or other paper or document which it shall in good faith believe to be genuine and to have been authorized or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Ordinance, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as a holder of any Bond or coupon or to take any action at his request unless such Bond or coupon shall be deposited with the Trustee or evidence satisfactory to the Trustee of the ownership of such Bond or coupons shall be furnished to the Trustee.

SECTION 11.09. Right to Own and Deal Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds or coupons issued under and secured by this Ordinance, and may join in or take any action which any Bondholder may be entitled to take with like effect as if the Trustee were not named in this Ordinance. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Port or the Corporation, and may act as depository, trustee, or agent for any committee or body of holders of the Bonds issued under or secured by this Ordinance or other obligations of the Port as freely as if it were not Trustee under this Ordinance.

SECTION 11.10. No Liability for Interest Upon Any Moneys Received by Trustee. The Trustee shall be under no liability for interest upon any moneys which it may at any time receive under any of the provisions of this Ordinance, except such as it may agree in

writing with the Port to pay thereon and except for certificates of deposit issued by the Trustee which are purchased as investments pursuant to Section 7.03 hereof.

SECTION 11.11. Construction of Ambiguous Provisions of Ordinance. The Trustee may construe any of the provisions of this Ordinance insofar as the same may appear to be ambiguous or inconsistent with any other provision thereof, and any construction of any such provisions of this Ordinance by the Trustee in good faith shall be binding upon the Bondholders.

SECTION 11.12. Resignation by Trustee. The Trustee may at any time and for any reason resign and be discharged of the trusts created by this Ordinance by executing an instrument in writing resigning such trust and specifying the date when such resignation shall take effect, and filing the same with the Secretary of the Port and the Corporation not less than sixty (60) days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation by publication at least once a week for two consecutive weeks in a newspaper of general circulation which carries financial news, is printed in the English language and is customarily published on each business day in The City of New York, the first publication of said notice to appear not less than three weeks prior to the date specified in such notice when such resignation shall take effect. Such resignation shall take effect on the day specified in such instrument and notice, unless previously a successor Trustee shall be appointed as hereinafter in this Article XI provided, in which event such resignation shall take effect immediately on the appointment of such successor Trustee.

SECTION 11.13. Removal of Trustee. The Trustee at any time and for any reason may be removed by an instrument in writing appointing a successor filed with the Trustee so removed and executed by the holders of a majority in aggregate principal amount of the Bonds then outstanding.

SECTION 11.14. Appointment of Successor Trustee. In case at any time the Trustee shall resign, or shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, a vacancy shall forthwith and ipso facto exist in the office of Trustee and a successor may be appointed by the holders of a majority in aggregate principal amount of the Bonds then outstanding, by an instrument or instruments in writing filed with the Secretary of the Port, signed by such Bondholders or by their attorneys-in-fact duly authorized in writing. Copies of each instrument shall be promptly delivered by the Port to the predecessor Trustee and to the Trustee so appointed.

Until a successor Trustee shall be appointed by the Bondholders as authorized by this Section 11.14, the Port, by an

instrument authorized by resolution, shall appoint a Trustee to fill such vacancy. After any appointment by the Port, it shall cause notice of such appointment to be published once in each of two consecutive weeks in a newspaper of general circulation which carries financial news, is printed in the English language and is customarily published on each business day in The City of New York. Any new Trustee so appointed by the Port shall immediately and without further act be superseded by a Trustee appointed by the Bondholders in the manner hereinabove in this Section 11.14 provided.

SECTION 11.15. Qualifications of Successor Trustee. Every successor in the trust hereunder appointed pursuant to Section 11.14 of this Ordinance shall be a bank or trust company organized and doing business under the laws of the United States or any state or territory thereof with trust powers, and doing business within the State of Oregon having a combined capital and surplus of at least $15,000,000 if such a bank or trust company willing and able to accept the trust on customary terms can, with reasonable effort, be located.

SECTION 11.16. Court Appointment of Successor Trustee. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article XI prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

SECTION 11.17. Acceptance by Successor Trustee. Any successor Trustee appointed under this Article XI shall execute, acknowledge and deliver to the Port an instrument accepting such appointment under this Ordinance, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust under this Ordinance, with like effect as if originally named Trustee in this Ordinance. Upon request of such successor Trustee, the Trustee ceasing to act and the Port shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts under this Ordinance of the Trustee so ceasing to act, and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by it under this Ordinance.

Any Trustee ceasing to act shall nevertheless retain a lien upon all property and funds held or collected by such Trustee to secure any amount then due it pursuant to the provisions of Section 11.04 of this ordinance.

SECTION 11.18. Successor Trustee by Merger or Consolidation. Any corporation into which any Trustee under this Ordinance may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee under this Ordinance shall be a party, or any corporation to which any Trustee under this Ordinance may transfer substantially all of its assets, shall be the successor Trustee under this Ordinance, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Ordinance to the contrary notwithstanding.

SECTION 11.19. Exercise of Powers During Event of Default. Notwithstanding any other provisions of this Article XI, the Trustee shall, during the existence of an Event of Default known to the Corporate Trust Department of the Trustee, exercise such of the rights and powers vested in it by this Ordinance and use the same degree of skill and care in their exercise as a prudent man would use and exercise under the circumstances in the conduct of his own affairs.

SECTION 11.20. Notice Upon Event of Default. Upon the occurrence of an Event of Default known to the Corporate Trust Department of the Trustee, the Trustee shall within thirty (30) days give written notice thereof by mail to each Registered Owner of registered Bonds then outstanding at his last address appearing upon the Bond Register, unless such Event of Default shall have been cured before the giving of such notice.

SECTION 11.21. Trustee May Intervene in Judicial Proceedings. In any judicial proceeding to which the Port is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of holders of the Bonds, the Trustee may in its own name and as trustee of an express trust intervene on behalf of the holders of the Bonds and shall, upon receipt of indemnity satisfactory to it, do so if requested in writing by the holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding if permitted by the court having jurisdiction in the premises.

SECTION 11.22. Trustee to Use Project in Accordance With Act. The Trustee shall not use, while the Trustee is in possession thereof, or permit or suffer to be used, the Project or any portion thereof for any purposes other than for the control, abatement or prevention of water or air pollution as contemplated by the Act.

SECTION 11.23. Appointment of Paying Agent. The Paying Agent or Paying Agents, if any, for the 1979 Series Bonds shall be appointed by resolution of the Port to be adopted at the time of sale of the 1979 Series Bonds. The Port may at any time or from time to time appoint one or more Paying Agents for the 1979 Series Bonds or any other Bonds, in the manner and subject to the conditions set

forth in Section 11.24 of this Ordinance for the appointment of a successor Paying Agent. Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by written instrument of acceptance deposited with the Port and the Trustee.

SECTION 11.24. Successor Paying Agent. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Ordinance by giving at least sixty (60) days' written notice to the Port and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Port. Any successor Paying Agent shall be appointed by the Port, with the approval of the Trustee and shall be a bank or trust company duly organized under the laws of the United States or any state or territory thereof, having a capital stock and surplus aggregating at least $15,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Ordinance.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, to or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

SECTION 11.25. Trustee's Duty With Respect to Security Interest. The Trustee shall have no responsibility for the adequacy, value or perfection of the security interest provided for in Section 4.04 of the Sale Agreement; provided, however, that the lack of such responsibility shall not relieve the Trustee from the duty of enforcing, to the extent legally possible, such security interest on behalf of holders of Bonds as may be otherwise required of it under this Ordinance.

ARTICLE XII

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

SECTION 12.01. Execution of Instruments. Any request, direction, consent or other instrument in writing required or permitted by this Ordinance to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Ordinance and shall be conclusive in favor of the Trustee and any Paying Agent with regard to any action taken,

suffered or omitted by any of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the Person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness of such execution.

(b) The fact of the holding of Bonds under this Ordinance by any Bondholder and the serial numbers of such Bonds and the date of his holding the same (unless such Bonds be registered) may be proved by the affidavit of the Person claiming to be such holder, if such affidavit shall be deemed by the Trustee to be in form satisfactory to it, or by a certificate executed by any trust company, bank, banker or any other depository, wherever situated, if such certificate shall be deemed by the Trustee to be in form satisfactory to it, showing that at the date therein mentioned such Person had on deposit with such trust company, bank, banker or other depository the Bonds described in such certificate. The Trustee may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The ownership of registered Bonds shall be proved by the Bond Register.

Nothing contained in this Article XII shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters in this Article XII stated which to it may seem sufficient. Any request or consent of the holder of any Bond shall bind every future holder of the same Bond and any Bond or Bonds issued in exchange or subsititution therefor or upon the Registration of transfer thereof in respect of anything done by the Trustee in pursuance of such request or consent.

ARTICLE XIII

MODIFICATION OF ORDINANCE AND SUPPLEMENTAL ORDINANCE

SECTION 13.01. Supplemental Ordinance Not Requiring Consent of Bondholders. Subject to the conditions and restrictions in this Ordinance contained, the Port, when the enactment thereof is consented to in writing by the Trustee, may, without the consent of the Bondholders, enact a Supplemental Ordinance or Supplemental

Ordinances which thereafter shall form a part of this Ordinance, for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Port in this Ordinance contained other covenants and and agreements thereafter to be observed, and to surrender any right or power in this Ordinance reserved to or conferred upon the Port;

(b) to modify any of the provisions of this Ordinance or relieve the Port from any of the obligations, conditions or restrictions in this Ordinance contained; provided that no such modification shall be or become operative or effective which shall adversely affect the rights of the Bondholders or the Trustee;

(c) to cure any ambiguity or to cure, correct or supplement any inconsistent provision contained in this Ordinance or in any Supplemental Ordinance;

(d) to make such provisions in regard to matters or questions arising under this Ordinance as may be necessary or desirable and not inconsistent with this Ordinance and which shall not adversely affect the interests of the Bondholders;

(e) to provide for the issuance of Additional Bonds;

(f) to evidence the appointment of a successor Trustee or Paying Agent hereunder; and

(g) to subject to this Ordinance additional revenues, properties or collateral;

and the Port hereby covenants that it will perform all of the requirements of any such Supplemental Ordinance which may be in effect from time to time; but no restriction or obligation imposed by this Ordinance upon the Port in respect of any of the Bonds outstanding under this Ordinance may, except as otherwise provided in Section 13.03 of this Ordinance, be waived or modified by such Supplemental Ordinance, or otherwise. Nothing in this Article XIII contained shall affect or limit the right or obligation of the Port to execute and deliver to the Trustee any instrument of further assurance or other instrument which elsewhere in this Ordinance it is provided shall be delivered to the Trustee.

SECTION 13.02. Approval of Supplemental Ordinance by Trustee. The Trustee is hereby authorized to approve any Supplemental Ordinance authorized or permitted by the terms of this Ordinance, and to approve the further agreements and stipulations

which may be therein contained, and the Trustee, in approving any Supplemental Ordinance, shall be fully protected in relying on an Opinion of Counsel, in form and substance satisfactory to the Trustee, to the effect that such Supplemental Ordinance is authorized or permitted by the provisions of this Ordinance and is not inconsistent with this Ordinance.

SECTION 13.03. Modification With Consent of Bondholders. Exclusive of Supplemental Ordinances covered by Section 13.01 hereof, any modification or alteration of this Ordinance or of the rights and obligations of the Port or of the holders of the Bonds and coupons in any particular may be made with the consent of the Corporation and (a) the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds then outstanding, and (b) in case less than all of the several Series of Bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds of each Series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding Bonds under this Section 13.03. Nothing in this Section 13.03 contained shall permit, or be construed which will reduce the percentage of aggregate principal amount of bonds the consent of the holders of which is required for any such modification or alteration, or permit the creation by the Port of any lien prior to, or, except to secure additional bonds, on a parity with, the lien of the Ordinance upon the receipts and revenues of the Port from or in connection with the sale of the Project or which will affect the times, amounts and currency of payment of the principal of, the interest on, or the premium (if any) on, said bonds.

For the purposes of this Ordinance, a Series shall be deemed to be affected by a modification or amendment of this Ordinance if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series would be affected by any modification or amendment of this Ordinance and any such determination shall be binding and conclusive on the Port and all the holders of Bonds.

For all purposes of this Article XIII, the Trustee shall be entitled to rely upon an Opinion of Counsel with respect to the extent, if any, to which any action affects the rights under this Ordinance of any holders of Bonds then outstanding.

SECTION 13.04. Consent by Corporation Required. Anything herein to the contrary notwithstanding, and if the Corporation is not

in default under the Sale Agreement at such time, a Supplemental Ordinance under this Article XIII shall not become effective unless and until the Corporation shall have consented to the execution and delivery of such Supplemental Ordinance. In this regard, the Port shall cause notice of the proposed execution and delivery of any such Supplemental Ordinance together with a copy of the proposed Supplemental Ordinance to be mailed by certified or registered mail to the Corporation and received by the Corporation at least thirty (30) days prior to the proposed date of execution and delivery of any such Supplemental Ordinance. The Corporation shall be deemed to have consented to the execution and delivery of any such Supplemental Ordinance if the Port does not receive a letter, telegram, or other written, printed, photo or telecopy notice of protest or objection thereto signed by or on behalf of the Corporation on or before 4:30 o'clock p.m., Portland, Oregon time, of the thirtieth day after the receipt by the Corporation of said notice and a copy of the proposed Supplemental Ordinance.

ARTICLE XIV

DISCHARGE OF ORDINANCE.

SECTION 14.01. Ordinance Discharged Upon Payment of Bonds. If and when the Bonds secured hereby shall become due and payable in accordance with their terms or through redemption proceedings as provided in this Ordinance, or otherwise, and the whole amount of the principal, redemption premium (if any) and the interest so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable under this Ordinance by the Port and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds and all Administration Expenses shall have been paid or provided for, then and in that case, the right, title and interest of Trustee under this Ordinance shall thereupon cease, terminate and become void, and Trustee shall assign and transfer to or upon the order of the Corporation all property (in excess of the amounts required for the foregoing) then held by Trustee (including the Sale Agreement, and all payments thereunder and all balances in any fund created under this Ordinance) and shall execute such documents as may be reasonably required by the Corporation in this regard.

When all or a portion of the Bonds of a particular Series and the coupons appertaining thereto shall have been paid and if, at the time of such payment, the Port shall have kept, performed and observed all the covenants and promises in such Bonds and in this Ordinance required or contemplated to be kept, performed and observed by the Port or on its part on or prior to that time, then this Ordinance shall be considered to have been discharged in respect of such Bonds of a particular Series and the coupons appertaining

thereto and such Bonds and coupons shall cease to be entitled to the lien of this Ordinance.

If and when Trustee shall hold sufficient moneys under this Ordinance to provide for payment of the whole amount of the principal, premium, if any, and interest due and payable and thereafter to become due and payable upon all the Bonds, together with all other sums payable or which may thereafter become payable under this Ordinance by the Port, or which may be required to pay Administration Expenses, notwithstanding that all the Bonds and coupons have not yet become due and payable and that consequently the right, title and interest of Trustee under this Ordinance shall not have ceased, terminated and become void pursuant to the foregoing provisions of this Section 14.01 Trustee, on demand of the Corporation, shall assign and transfer to or upon the order of the Corporation all property (in excess of the amounts required for the foregoing) then held by Trustee (including the Sale Agreement and all payments thereunder and all balances in any fund created under this Ordinance) and shall execute such documents as may be required by the Corporation in this regard.

SECTION 14.02. Bonds Deemed Paid. Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been held by the Trustee at the maturity or redemption date thereof shall be deemed to be paid within the meaning and with the effect expressed in the Section 14.02. All outstanding Bonds of any one or more Series and all coupons appertaining to such Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the Section 14.02 if (a) in case said Bonds are to be redeemed on any date prior to their maturity, the Port shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on said redemption date, such notice to be given in accordance with the provisions of Section 8.03 hereof, (b) there shall have been deposited with Trustee either moneys in an amount which shall be sufficient, or Governmental Obligations, which shall not contain provisions permitting the redemption thereof at the option of the Port, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by Trustee at the same time, shall be sufficient to pay when due the principal of and redemption premium, if any, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Port shall have given Trustee in form satisfactory to it irrevocable instruction to publish, as soon as practicable in the same manner as a notice of redemption is published pursuant to Section 8.03 hereof, a notice to the holders of such Bonds and coupons that the deposit required by (b) above has been made with Trustee and that said Bonds and coupons

are deemed to have been paid in accordance with this Section 14.02 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bonds. Neither the Governmental Obligations nor moneys deposited with the Trustee pursuant to this Section 14.02 nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and redemption premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Governmental Obligations maturing at times and in amounts sufficient to pay when due the principal of and premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Corporation, as received by Trustee, free and clear of any trust, lien or pledge.

Any release under this Section 14.02 shall be without prejudice to the right of the Port and Trustee to be paid reasonable compensation for all services rendered by it under this Ordinance and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of the trusts by this Ordinance created and the performance of its powers and duties under this Ordinance.

ARTICLE XV

MISCELLANEOUS

SECTION 15.01. Ordinance to Inure to Successors of Port. In the event of the dissolution of the Port, all the covenants, stipulations, promises and agreements in this Ordinance contained, by or on behalf of, or for the benefit of, the Port, shall bind or inure to the benefit of the successors of the Port from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Port shall be transferred.

SECTION 15.02. Limitation of Rights. Except as in this Ordinance otherwise specifically provided, nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon any Person other than the Corporation, the Port, the Trustee and the holders of the Bonds and coupons issued under this Ordinance, any right, remedy or claim under or by reason of this Ordinance, this Ordinance being intended to be for the sole and exclusive benefit of the Corporation, the Port, the Trustee and the holders of the Bonds and coupons issued under this Ordinance.

SECTION 15.03. Severability. In case any one or more of the provisions of this Ordinance or of the Bonds or coupons issued under this Ordinance shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Ordinance or of said Bonds or coupons, and this ordinance and the Bonds and coupons shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

SECTION 15.04. Member, Agents and Employees of Port Exempt From Liability. No covenant or agreement contained in the Bonds or coupons or in this Ordinance shall be deemed to be the covenant or agreement of any Commissioner, agent, or employee of the Port in his individual capacity, and neither the Commissioners of the Port nor any official executing the Bonds shall be liable personally on the Bonds or coupons or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 15.05. Notices. All notices, certificates, requests or other communications under this Ordinance shall be sufficiently given and shall be deemed given, unless otherwise required by this Ordinance, when mailed by first class mail (except as otherwise provided in this Ordinance), postage prepaid, addressed as follows; if to the Port, at P.O. Box 3529, Portland, Oregon 97208, Attention: Executive Director; if to the Corporation, at Suite 1130, 200 S.W. Market Street, Portland, Oregon 97201, Attention: Treasurer; and if to the Trustee, at P.O. Box 2971, Portland, Oregon 97208, Attention: Corporate Trust Department. A duplicate copy of each notice, certificate, request or other communication given under this Ordinance to the Port, the Corporation or the Trustee shall also be given to the others. The Corporation, the Port and the Trustee may, by notice given under this Section 15.05, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 15.06. Payments Due on Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be in the city of payment a Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 15.07. Captions. The captions or headings in this Ordinance are for convenience only and in no way define, limit or describe the scope or intent of any provisons, Articles or Sections of this Ordinance.

SECTION 15.08. Bond Forms. The coupon 1979 Series Bonds to be initially issued and secured by this Ordinance, the interest coupons to be attached thereto, the registered 1979 Series Bonds without coupons to be issued under this Ordinance and the Trustee's certificate of authentication to be endorsed on the Bonds to be issued under this Ordinance are all to be in substantially the following forms, respectively, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance:

SCOEPA00001618

[FORM OF 1979 SERIES COUPON BOND]

UNITED STATES OF AMERICA

STATE OF OREGON

THE PORT OF PORTLAND

POLLUTION CONTROL REVENUE BOND, 1979 SERIES

(WACKER SILTRONIC CORPORATION PROJECT)

No. $5,000

The Port of Portland (the "Port"), a municipal corporation, created and existing under and by virtue of the laws of the State of Oregon, for value received, hereby promises to pay to bearer on the fifteenth day of April, 1991, upon the presentation and surrender hereof, the principal sum of Five Thousand Dollars ($5,000) solely from the revenues and receipts of the Port from or in connection with the sale of the Project hereinafter referred to as provided in the Ordinance hereinafter referred to and to pay solely from such revenues and receipts interest on said principal sum from the date hereof, at the rate of six and one-eighth percent (6 1/8%) per annum, until the payment of such principal sum, such interest being payable on the fifteenth days of April and October in each year (commencing October 15, 1979) but only, in the case of interest payable at or prior to the maturity of this bond, upon presentation and surrender of the annexed coupons as they severally mature. The principal of and interest on this bond are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, at the principal corporate trust office of First National Bank of Oregon, the Trustee hereinafter mentioned, or at the office designated for such payment of any successor thereof.

This bond is one of a duly authorized issue of bonds of the Port designated as "Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)" (the "1979 Bonds"), issued in the aggregate principal amount of $3,430,000 under and pursuant to the Constitution and Laws of the State of Oregon, particularly Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended (collectively the "Act"), and under and secured by an Ordinance No. 245 enacted by the Port on March 14, 1979 (the "Ordinance"). The 1979 Bonds are issued for the purpose of financing a portion of the cost of the acquisition, construction and installation of certain facilities for the control, abatement or prevention of water and air pollution at the silicon wafer manufacturing facility (the "Plant") of Wacker Siltronic Corporation (the "Corporation") located in Portland, Oregon to be sold to the

Corporation under and pursuant to an Installment Sale Agreement between the Port and the Corporation dated as of April 15, 1979 (hereinafter, together with any amendments thereof, called the "Sale Agreement"). Payment of principal of and interest on the 1979 Bonds has been unconditionally guaranteed by Wacker Chemical Corporation (the "Guarantor") pursuant to a Guarantee Agreement, dated as of April 15, 1979 (the "Guarantee"), entered into between the Guarantor and the Trustee for the benefit of the holders and owners of the 1979 Bonds and the coupons appertaining thereto. As provided in the Ordinance, additional bonds may be issued in one or more series for the purpose of financing the cost of completion of said facilities, the cost of enlargements, improvements or expansions of said facilities, and the cost of acquisition and installation of additional facilities for the control, abatement or prevention of water and air pollution at the Plant (such facilities, together with any enlargements, improvements or expansions thereof, and any such additional facilities herein collectively called the "Project").

Copies of the Ordinance, Sale Agreement and the Guarantee are on file at the principal corporate trust office of First National Bank of Oregon, as Trustee (hereinafter called the "Trustee") and reference is made to the Ordinance (and all ordinances and resolutions supplementary thereto and amendatory thereof), the Sale Agreement and the Guarantee for the provisions relating, among other things to the terms and security of the 1979 Bonds, the collection and disposition of the revenues and receipts of the Port from or in connection with the sale of the Project, the custody and application of the proceeds of the 1979 Bonds, the rights and remedies of the holders of the 1979 Bonds, the rights, duties and obligations of the Port, the Corporation and the Trustee, and the modification or amendment of any of the foregoing documents.

This bond and any additional bonds issued under and secured by the Ordinance are and will be equally and ratably secured, to the extent provided in the Ordinance, solely by the pledge of the revenues derived by the Port from or in connection with the sale of the Project, including payments received under the Sale Agreement and the Guarantee, proceeds of the Bonds and income earned by the investment of funds under the Ordinance. The holder of this bond shall not have the right to compel any exercise of the taxing power of the Port to pay this bond or the interest hereon. This bond shall not in any manner or to any extent be a general obligation of the Port nor a charge upon the tax revenues of the Port nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the Ordinance.

The 1979 Bonds are issuable in the form of coupon bonds, registrable as to principal, in the denomination of $5,000 and in the form of registered bonds without coupons in the denominations of $5,000 or any integral multiple of $5,000. The holder of any coupon 1979 Bond or Bonds may surrender the same, with all unmatured coupons

and any matured coupons in default attached, at the above-mentioned office of the Trustee, in exchange for an equal aggregate principal amount of registered 1979 Bond or Bonds without coupons, of the same maturity, of any of the authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Ordinance. In like manner, subject to such conditions and upon the payment of such charges, the owner of any registered 1979 Bond or Bonds without coupons may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing), in exchange for an equal aggregate principal amount of coupon 1979 Bonds of the same maturity, with unmatured coupons and any matured coupons in default attached, or of registered 1979 Bonds, without coupons, of the same maturity and of any other authorized denominations.

This bond, until registered, shall be transferable by delivery, but may at any time be registered as to principal on the Bond Register to be kept at the principal office of the Trustee, and such registration shall be noted hereon; and if so registered, this Bond shall then be transferable only upon said Bond Register at said office by the registered owner in person or by his duly authorized attorney, unless the last preceding registration shall have been to bearer, in which case it shall again be transferable by delivery; and this bond may again, from time to time, be registered or discharged from registration in the same manner; but such registration shall not affect the negotiability of the annexed coupons, which shall always be payable to bearer and transferable by delivery. Such registrations, transfers and discharges from registration shall be without charge to the owner hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the owner requesting such registration, transfer or discharge from registration as a condition precedent to the exercise of such privilege.

The 1979 Bonds are subject to mandatory redemption at a price equal to 100% of the principal amount thereof plus accrued interest to the redemption date on April 15 in each year of the years 1985 to 1991, inclusive, in accordance with the sinking fund provisions of Section 6.03 of the Ordinance, in part (by lot) in the manner provided in Article VIII of the Ordinance.

The 1979 Bonds shall be subject to redemption prior to maturity, in whole or in part, on any interest payment date, in integral multiples of $5,000, without redemption premium or prepayment penalty. If the redemption is in part, the particular 1979 Bonds to be redeemed shall be selected (by lot) by the Trustee. Such redemption shall be at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

The 1979 Bonds shall be subject to mandatory redemption in whole on any date within 180 days after receipt by the Trustee of notice of

> (i) the issuance of a published or private ruling of the Internal Revenue Service in which the Corporation has participated to the degree it deems sufficient and which ruling the Corporation, in its discretion, does not contest by an appropriate proceeding directly or through a bondholder,
>
> (ii) a final determination by any court of competent jurisdiction in the United States in a proceeding to which the Corporation is a party, or
>
> (iii) enactment of any amendment to the Internal Revenue Code of 1954, as amended, or the promulgation of or amendment to Treasury Department Regulations, or any other change in present law,

to the effect that the interest payable on the 1979 Bonds is includable in the gross income for Federal income tax purposes of the holders thereof (other than a "substantial user" of the Project or a "related person" as provided in Section 103(b)(8) of the Internal Revenue Code of 1954, as amended), provided, however, that the Corporation may, at its option, not be obligated to redeem the 1979 Bonds as provided herein if interest payable on the 1979 Bonds is includable for Federal income tax purposes in the gross income of the holders thereof (other than a "substantial user" of the Project or a "related person") due to the occurrance of an event in (iii) above and the Corporation upon written notification to the holders of the 1979 Bonds withing thirty days of receipt of notice from the Trustee of its mandatory redemption obligation hereunder, agrees (a) to pay interest on the outstanding principal amount of the 1979 Bonds in an amount equal to 11.34% from the date on which interest on the 1979 Bonds was included in such holders' gross income to the maturity date (as defined below) of the 1979 Bonds, minus the amount of interest actually paid on the 1979 Bonds from the date of the inclusion of interest in the gross income of the holder and (b) that the maturity date of the 1979 Bonds shall be changed to April 15, 1989 and all outstanding principal on the 1979 Bonds plus unpaid interest accrued to such maturity date shall be payable on such maturity date. The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the pricipal amount thereof plus unpaid interest accrued to the redemption date in a manner as provided in the Ordinance.

The 1979 Bonds shall also be subject to mandatory redemption in whole on the next applicable interest payment date, after receipt by the Trustee of notice from the Corporation to the effect that a majority of the holders of the 1979

Bonds then Outstanding have elected on behalf of all of said Bondholders to require the redemption of the 1979 Bonds based upon both of the conditions in either of subparagraphs (a) or (b) below existing or the condition in subparagraph (c) below existing.

(a) Wacker Chemie GmbH ("Chemie"), a German corporation, shall own directly or indirectly less than 100% but more than 75% of the voting stock of the Corporation and the Corporation shall have a net worth, as determined in accordance with generally accepted accounting principles ("Net Worth") of less than $6,000,000; or

(b) Chemie shall own directly or indirectly less than 75% but more than 51% of the voting stock of the Corporation and the Corporation shall have a Net Worth of less than $10,000,000; or

(c) Chemie shall own directly or indirectly less than 51% of the voting stock of the Corporation.

The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date.

If less than all the 1979 Bonds of one maturity shall be called for redemption, the particular 1979 Bonds of such maturity to be redeemed shall be selected by lot by the Trustee or in such other manner as the Trustee in its discretion may deem proper. Any such redemption, either in whole or in part, shall be made upon at least thirty (30) days' and no more than sixty (60) days' prior notice in the manner and upon the terms and conditions provided in the Ordinance. If this bond shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for, all as more fully set forth in the Ordinance, interest on this bond shall cease to accrue from such date, and from and after such date this bond and all coupons for interest appertaining hereto maturing subsequent to the date fixed for redemption shall no longer be entitled to any lien, benefit or security under the Ordinance, and the holder hereof and thereof shall have no rights except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

Neither this bond nor any coupons for interest hereto attached shall be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the manual signature of a duly authorized officer of the Trustee of the Trustee's certificate of authentication hereon.

No covenant or agreement contained in this bond or the Ordinance shall be deemed to be a covenant or agreement of any Commissioner or employee of the Port in his individual capacity, and neither the Commissioners of the Port nor any officer thereof executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

To the extent permitted by and as provided in the Ordinance, modifications or alterations of the Ordinance, or of any ordinance supplemental thereto, and of the rights and obligations of the Port and the holders of the bonds and coupons in any particular may be made with the consent of the Corporation and (a) the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds then outstanding under the Ordinance, and (b) in case less than all of the several series of bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds of each series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms not take effect so long as any bonds of any specified series remain outstanding, the consent of the holders of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding bonds under the Ordinance; provided, further, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of bonds the consent of the holders of which is required for any such modification or alteration, or permit the creation by the Port of any lien prior to, or, except to secure additional bonds, on a parity with, the lien of the Ordinance upon the receipts and revenues of the Port from or in connection with the sale of the Project or which will affect the times, amounts and currency of payment of the principal of and the interest on said bonds. Any such consent by the holder of this bond shall be conclusive and binding upon such holder and all future holders and owners of this bond irrespective of whether or not any notation of such consent is made upon this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of Oregon.

SCOEPA00001624

IN WITNESS WHEREOF, the Port has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its President and its seal or a facsimile thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the manual or facsimile signature of its Secretary, and coupons for interest, bearing the facsimile signature of said President, to be hereunto attached, as of the fifteenth day of April, 1979.

THE PORT OF PORTLAND

By_____
President

[SEAL]

Attest:

_____
[Assistant] Secretary

PROVISION FOR REGISTRATION

The within Bond may be registered in the name of the holder on the Bond Register kept by the Trustee, as to principal only, such registration being noted hereon by the Trustee in the registration blank below, after which no transfer shall be valid unless made on said Bond Register at the request of the registered owner or his attorney duly authorized, and such transfer is similarly noted in the registration blank below, but it may be discharged from registration by being so transferred to bearer, after which it shall be transferable by delivery, but it may again and from time to time be registered as before. The registration of this Bond as to principal shall not restrain the negotiability of the coupons by delivery.

Date of Registration	In Whose Name Registered	Signature of Trustee

[FORM OF COUPON]

No.

On the fifteenth day of _____, 19__ (unless the bond hereinafter mentioned shall have been duly called for previous redemption and payment of the redemption price made or duly provided for) The Port of Portland will pay to the bearer, at the principal corporate trust office of First National Bank of Oregon, in Portland, Oregon, or at the office designated for such payment of any successor thereof, upon presentation and surrender of this coupon, solely from the revenues lawfully pledged therefor referred to in the Bond hereinafter mentioned, the sum specified hereon in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, being the interest then due on its Pollution Control Revenue Bond, 1979 Series (Wacker Siltronic Corporation Project), No. _____.

_____
President

_____
[Assistant] Secretary

[FORM OF 1979 SERIES REGISTERED BOND]

UNITED STATES OF AMERICA

STATE OF OREGON

THE PORT OF PORTLAND

POLLUTION CONTROL REVENUE BOND, 1979 SERIES

(WACKER SILTRONIC CORPORATION PROJECT)

No.

The Port of Portland (the "Port"), a municipal corporation, created and existing under and by virtue of the laws of the State of Oregon, for value received, hereby promises to pay to _____ or registered assigns, on the fifteenth day of April, 1991, upon the presentation and surrender hereof, the principal sum of _____ Dollars ($_____) solely from the revenues and receipts of the Port from or in connection with the sale of the Project hereinafter referred to as provided in the Ordinance hereinafter referred to and to pay solely from such revenues and receipts interest on said principal sum from the date hereof, at the rate of six and one-eighth percent (6 1/8%) per annum, until the payment of such principal sum, such interest being payable on the fifteenth days of April and October in each year (commencing October 15, 1979) but only in the case of interest payable at or prior to the maturity of this bond. The principal of and interest on this bond are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, at the principal corporate trust office of First National Bank of Oregon, the Trustee hereinafter mentioned, or at the office designated for such payment of any successor thereof. The interest on this bond, when due and payable, shall be paid to the registered owner hereof by check or draft mailed to such person at his address last appearing on the Bond Register.

This bond is one of a duly authorized issue of bonds of the Port designated as "Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)" (the "1979 Bonds"), issued in the aggregate principal amount of $3,430,000 under and pursuant to the Constitution and Laws of the State of Oregon, particularly

Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended (collectively the "Act"), and under and secured by Ordinance No. 245 enacted by the Port on March 14, 1979 (the "Ordinance"). The 1979 Bonds are issued for the purpose of financing a portion of the cost of acquisition, construction and installation of certain facilities for the control, abatement or prevention of water and air pollution at the silicon wafer manufacturing facility (the "Plant") of Wacker Siltronic Corporation (the "Corporation") located in Portland, Oregon to be sold to the Corporation under and pursuant to an Installment Sale Agreement between the Port and the Corporation dated as of April 15, 1979 (hereinafter, together with any amendments thereof, called the "Sale Agreement"). Payment of principal of and interest on the 1979 Bonds has been unconditionally guaranteed by Wacker Chemical Corporation (the "Guarantor") pursuant to a Guarantee Agreement, dated as of April 15, 1979 (the "Guarantee"), entered into between the Guarantor and the Trustee for the benefit of the holders and owners of the 1979 Bonds and the coupons appertaining thereto. As provided in the Ordinance, additional bonds may be issued in one or more series for the purpose of financing the cost of completion of said facilities, the cost of enlargements, improvements or expansions of said facilities, and the cost of acquisition and installation of additional facilities for the control, abatement or prevention of water and air pollution at the Plant (such facilities, together with any enlargements, improvements or expansions thereof, and any such additional facilities herein collectively called the "Project").

Copies of the Ordinance, the Sale Agreement and the Guarantee are on file at the principal corporate trust office of First National Bank of Oregon, as Trustee (the "Trustee") and reference is made to the Ordinance (and all ordinances and resolutions supplementary thereto and amendatory thereof), the Sale Agreement and the Guaranty for the provisions relating, among other things, to the terms and security of the 1979 Bonds, the collection and disposition of the revenues and receipts of the Port from or in connection with the sale of the Project, the custody and application of the proceeds of the 1979 Bonds, the rights and remedies of the holders of the 1979 Bonds, the rights, duties and obligations of the Port, the Corporation and the Trustee, and the modification or amendment of any of the foregoing documents.

This bond and any additional bonds issued under and secured by the Ordinance are and will be equally and ratably secured, to the extent provided in the Ordinance, solely by a pledge of the revenues and receipts derived by the Port from or in connection with the sale of the Project, including payments received under the Sale Agreement and the Guarantee. The holder of this bond shall not have the right to compel any exercise of the taxing power of the Port to pay this bond or the interest hereon. This bond shall not in any manner or to any extent be a general obligation of the Port nor a charge upon the tax revenues of the Port nor a charge upon any other revenues or

property of the Port not specifically pledged thereto by the Ordinance.

The 1979 Bonds are issuable in the form of coupon bonds registrable as to principal, in the denomination of $5,000 and in the form of registered bonds without coupons in the denominations of $5,000 or any integral multiple of $5,000. The holder of any coupon 1979 Bond or Bonds may surrender the same, with all unmatured and any matured coupons in default attached, at the above mentioned office of the Trustee, in exchange for an equal aggregate principal amount of registered 1979 Bond or Bonds without coupons, of the same maturity, of any of the authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Ordinance. In like manner, subject to such conditions and upon the payment of such charges, the owner of any registered 1979 Bond or Bonds without coupons may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon 1979 Bonds of the same maturity, with all unmatured coupons and any matured coupons in default attached, or of registered 1979 Bonds without coupons, of the same maturity and of any other authorized denominations.

The transfer of this bond is registrable, as provided in the Ordinance, upon the Bond Register kept for that purpose at the above mentioned office of the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds, without coupons, of the same series and maturity and in the same aggregate principal amounts, shall be issued to the transferee in exchange herefor as provided in the Ordinance, and upon payment of the charges therein prescibed. The Port and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner herof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 1979 Bonds are subject to mandatory redemption at a price equal to 100% of the principal amount thereof plus accrued interest to the redemption date on April 15 in each year of the years 1985 to 1991, inclusive, in accordance with the sinking fund provisions of Section 6.03 of the Ordinance, in part (by lot) in the manner provided in Article VIII of the Ordinance.

The 1979 Bonds shall be subject to redemption prior to maturity, in whole or in part, on any interest payment date, in integral multiples of $5,000, without redemption premium or prepayment penalty. If the redemption is in part, the particular 1979 Bonds to be redeemed shall be selected (by lot) by the Trustee. Such

redemption shall be at a redemption price equal to the principal amount thereof plus accrued insterest to the redemption date.

The 1979 Bonds shall be subject to mandatory redemption in whole on any date within 180 days after receipt by the Trustee of notice of

> (i) the issuance of a published or private ruling of the Internal Revenue Service in which the Corporation has participated to the degree it deems sufficient and which ruling the Corporation, in its discretion, does not contest by an appropriate proceeding directly or through a bondholder,
>
> (ii) a final determination by any court of competent jurisdiction in the United States in a proceeding to which the Corporation is a party, or
>
> (iii) enactment of any amendment to the Internal Revenue Code of 1954, as amended, or the promulgation of or amendment to Treasury Department Regulations, or any other change in present law,

to the effect that the interest payable on the 1979 Bonds is includable in the gross income for Federal income tax purposes of the holders thereof (other than a "substantial user" of the Project or a "related person" as provided in Section 103(b)(8) of the Internal Revenue Code of 1954, as amended), provided, however, that the Corporation may, at its option, not be obligated to redeem the 1979 Bonds as provided herein if interest payable on the 1979 Bonds is includable for Federal income tax purposes in the gross income of the holders thereof (other than a "substantial user" of the Project or a "related person") due to the occurrance of an event in (iii) above and the Corporation upon written notification to the holders of the 1979 Bonds within thirty days of receipt of notice from the Trustee of its mandatory redemption obligation hereunder, agrees (a) to pay interest on the outstanding principal amount of the 1979 Bonds in an amount equal to 11.34% from the date on which interest on the 1979 Bonds was included in such holders' gross income to the maturity date (as defined below) of the 1979 Bonds, minus the amount of interest actually paid on the 1979 Bonds from the date of the inclusion of interest in the gross income of the holder and (b) that the maturity date of the 1979 Series Bonds shall be changed to April 15, 1989 and all outstanding principal on the 1979 Series Bonds plus unpaid interest accrued to such maturity date shall be payable on such maturity date. The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the pricipal amount thereof plus unpaid interest accrued to the redemption date in a manner as provided in the Ordinance.

SCOEPA00001631

The 1979 Bonds shall also be subject to mandatory redemption in whole on the next applicable interest payment date, after receipt by the Trustee of notice from the Corporation to the effect that a majority of the holders of the 1979 Bonds then Outstanding have elected on behalf of all of said Bondholders to require the redemption of the 1979 Bonds based upon both of the conditions in either of subparagraphs (a) or (b) below existing or the condition in subparagraph (c) below existing.

(a) Wacker Chemie GmbH ("Chemie"), a German corporation, shall own directly or indirectly less than 100% but more than 75% of the voting stock of the Corporation and the Corporation shall have a net worth, as determined in accordance with generally accepted accounting principles ("Net Worth") of less than $6,000,000; or

(b) Chemie shall own directly or indirectly less than 75% but more than 51% of the voting stock of the Corporation and the Corporation shall have a Net Worth of less than $10,000,000; or

(c) Chemie shall own directly or indirectly less than 51% of the voting stock of the Corporation.

The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date.

If less than all the 1979 Bonds of one maturity shall be called for redemption, the particular 1979 Bonds of such maturity to be redeemed shall be selected by lot by the Trustee or in such other manner as the Trustee in its discretion may deem proper. Any such redemption, either in whole or in part, shall be made upon at least thirty (30) days' and no more than sixty (60) days' prior notice in the manner and upon the terms and conditions provided in the Ordinance. If this bond or any portion hereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for, all as more fully set forth in the Ordinance, interest on this bond or such portion shall cease to accrue from such date, and from and after such date this bond or such portion shall no longer be entitled to any lien, benefit, or security under the Ordinance, and the holder hereof shall have no rights in respect of this bond or such portion except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

This bond shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the manual

signature of a duly authorized officer of the Trustee's certificate of authentication hereon.

No covenant or agreement contained in this bond or the Ordinance shall be deemed to be a covenant or agreement of any member or employee of the Port in his individual capacity, and neither the members of the Port nor any officer thereof executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

To the extent permitted by and as provided in the Ordinance, modifications or alterations of the Ordinance, or of any ordinance supplemental thereto, and of the rights and obligations of the Port and of the holders of the bonds and coupons in any particular may be made with the consent of the Corporation and (a) the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds then outstanding under the Ordinance, and (b) in case less than all of the several series of bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds of each series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms not take effect so long as any bonds of any specified series remain outstanding, the consent of the holders of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding bonds under the Ordinance; provided, further, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of bonds the consent of the holders of which is required for any such modification or alteration, or permit the creation by the Port of any lien prior to, or, except to secure additional bonds, on a parity with, the lien of the Ordinance upon the receipts and revenues of the Port from or in connection with the sale of the Project or which will affect the times, amounts and currency of payment of the principal of and the interest on said bonds. Any such consent by the holder of this bond shall be conclusive and binding upon such holder and all future holders and owners of this bond irrespective of whether or not any notation of such consent is made upon this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this bond exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of Oregon.

IN WITNESS WHEREOF, the Port has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its President and its seal or a facsimile thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the manual of facsimile signature of its Secretary, as of the

THE PORT OF PORTLAND

By_____
President

[SEAL]

ATTEST:

_____
[Assistant] Secretary

[FROM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION ON ALL 1979 SERIES BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) described in the within mentioned Ordinance.

_____
, TRUSTEE

By_____

SECTION 15.09. Publication. A concise summary of this Ordinance including the location within the Port where a complete copy of the Ordinance may be obtained without charge, shall be published within five days after passage, once in a newspaper of general circulation within the Port; and this Ordinance shall, except where otherwise provided by law, become effective thirty (30) days after enacted.

Passed by the Board of Commissioners of The Port of Portland at a meeting on March 14, 1979 and signed by its President on the same date.

THE PORT OF PORTLAND

By_____
President

THE PORT OF PORTLAND
NOTICE OF INTENT TO
ENACT BOND ORDINANCES

Public notice is hereby given that on March 14, 1979, at 9:00 A.M. the Board of Commissioners of the Port of Portland will meet at The Lloyd Building, 13th Floor, 700 NE Multnomah Street, Portland, Oregon to consider and enact the following bond ordinances.

ORDINANCE NO. 245

An ordinance authorizing and providing for the issuance by The Board of Commissioners of The Port of Portland, Oregon (the "Port") of its revenue bonds, designated "Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)", in the aggregate principal amount of not exceeding $3,500,000.00, and additional bonds, pursuant to the provisions of Chapters 777 and 778 of the Oregon Revised Statutes in order to use the proceeds to acquire and construct certain air and water pollution control facilities and to sell such pollution control facilities to Wacker Siltronic Corporation (the "Corporation"); making certain findings, among others, concerning the public benefit and purpose of the revenue bonds; prescribing the terms, conditions, security, form and tenor of such bonds; providing for the enactment of supplemental ordinances; approving the form of the installment sale agreement to be entered into between the Port and the Corporation; and generally providing for and determining various matters in connection with the authorization, issuance, security, sale and payment of such revenue bonds.

ORDINANCE NO. 246

An ordinance authorizing and providing for the issuance by The Board of Commissioners of The Port of Portland, Oregon (the "Port") of its revenue bonds, designated "Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)", in the aggregate principal amount of not exceeding $1,000,000, and additional bonds, pursuant to the provisions of Chapters 777 and 778 of the Oregon Revised Statutes in order to use the proceeds to acquire and construct certain industrial development facilities and to sell such industrial development facilities to Wacker Siltronic Corporation (the "Corporation"); making certain findings, among others, concerning the public benefit and purpose of the revenue bonds; prescribing the terms, conditions, security, form and tenor of such bonds; providing for the enactment of supplemental ordinances; approving the form of installment sale agreement to be entered into between the Port and the Corporation; and generally providing for and determining various matters in connection with the authorization, issuance, security, sale and payment of such revenue bonds.

Such meeting will be a public meeting and all persons who may be interested therein will be given an opportunity to be heard concerning the same.

THE PORT OF PORTLAND
Gabriel Vallicelli
Director - Finance
and Administration

In the _____ *Court of the State of Oregon*

for the County of Multnomah

_____
_____ Plaintiff
vs.
_____
_____ Defendent

Affidavit of Publication

STATE OF OREGON } s.s

County of Multnomah

I, JM MCINTEER being first duly sworn depose and say that I am the Principal Clerk Of The Publisher of The Oregonian, a newspaper of general circulation, as defined by ORS 193.010 and 193.020, published in the City of Portland, in Multnomah County, Oregon; that the advertisement, a printed copy of which is hereto annexed, was published without interruption in the entire and regular issues of The Oregonian for TWO successive and consecutive ISSUE on the following dates:

02/27-03/06 1979

J M McIntee

Principal Clerk Of The Publisher

Subscribed and sworn to before me this 8 day of March 19 79

Notary Public for Oregon

My Commission expires: My Commission Expires July 8, 1979

F-1703

SCOEPA00001637

1.3

NOTICE
THE PORT OF PORTLAND,
OREGON
SUMMARY OF
ORDINANCE NO. 245
ENACTED BY THE BOARD
OF COMMISSIONERS OF
THE PORT OF PORTLAND
ON MARCH 14, 1979

Notice is hereby given that a regular meeting of the Board of Commissioners of The Port of Portland ("Port"), held on March 14, 1979, Ordinance No. 245 ("Ordinance No. 245") was enacted. The title and summary of Ordinance No. 245 follows:

TITLE

AN ORDINACE AUTHORIZING AND PROVIDING FOR THE ISSUANCE BY THE BOARD OF COMMISSIONERS OF THE PORT OF PORTLAND, OREGON (THE "PORT") OF ITS REVENUE BONDS, DESIGNATED "POLLUTION CONTROL REVENUE BONDS, 1979 SERIES (WACKER SILTRONIC CORPORATION PROJECT)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING $3,500,000, AND ADDITIONAL BONDS, PURSUANT TO THE PROVISIONS OF CHAPTERS 777 AND 778 OF THE OREGON REVISED STATUTES IN ORDER TO USE THE PROCEEDS TO ACQUIRE AND CONSTRUCT CERTAIN AIR AND WATER POLLUTION CONTROL FACILITIES AND TO SELL SUCH POLLUTION CONTROL FACILITIES TO WACKER SILTRONIC CORPORATION ("THE "CORPORATION"), MAKING CERTAIN FINDINGS, AMONG OTHERS, CONCERNING THE PUBLIC BENEFIT AND PURPOSE OF THE REVENUE BONDS; PRESCRIBING THE TERMS, CONDITIONS, SECURITY, FORM AND TENOR OF SUCH BONDS, PROVIDING FOR ENACTMENT OF SUPLEMENTAL ORDINANCES; APPROVING THE FORM OF THE INSTALLMENT SALE AGGREEMENT TO BE ENTERED INTO BETWEEN THE PORT AND THE CORPORATION; AND GENERALLY PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH THE AUTHORIZATION, ISSUANCE, SECURITY, SALE AND PAYMENT OF SUCH REVENUE BONDS.

SUMMARY

Pursuant to Ordinance No. 245 of the Port (referred to herein as the "Ordinance"), the Port has determined to issue and sell not exceeding $3,500,000 principal amount of its Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) ("1979 Series Bonds") and to use the proceeds of the 1979 Series Bonds to pay a portion of the cost of constructing certain air and water pollution control facilities (the "Project") to be used in connection with the plant of Wacker Siltronic Corporation (the "Corporation") located in Portland, Oregon. Such Project will be sold by the Port to the Corporation pursuant to the Installment Sale Agreement, dated as of April 15, 1979, between the Port and the Corporation (the "Sale Agreement"). The payments of principal, interest and premium, if any, in respect to the 1979 Series Bonds have been unconditionally guaranteed by Wacker Chemical Corporation pursuant to the Guarantee Agreement, dated as of April 15, 1979, by and between Wacker Chemical Corporation and First National Bank of Oregon, Portland, Oregon, as Trustee. The 1979 Series Bonds will be equally and ratably secure under the Ordinance and the 1979 Series Bonds, together with the interest thereon, are limited obligations of the Port payable solely from the revenues derived under the Agreement, the proceeds of the 1979 Series Bonds and the income earned by the investment of funds under the Ordinance. The 1979 Series Bonds and the Sale Agreement shall not constitute an indebtedness or a charge against the general credit or taxing power of the Port within the meaning of any constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Port.

The 1979 Series Bonds shall be dated; shall bear interest at a rate or rates not in excess of the maximum legal rates; shall be payable and shall mature by their terms at such time or times; shall be subject to redemption at the times and redemption prices and upon such notice and in such manner and upon such terms and conditions; shall be subject to such mandatory purchase and sinking fund redemption in such amounts, at such time, in such manner and upon such conditions; shall be subject to acceleration of maturity upon the happening of such events; and shall be subject to such other terms and conditions, all subject to and as specified by the Ordinance.

Copies of Ordinance No. 245, the Installment Sale Agreement and the Guarantee Agreement are available from the undersigned at the offices of the Port, the Lloyd Building, 700 N.E. Multnomah, Portland, Oregon.

Dated the 14th day of March, 1979.

The Port of Portland
By: Gabriel Vallicelli
Director of Finance
and Administration

Published March 15, 1979

In the _____ Court of the State of Oregon
for the County of Multnomah

_____ Plaintiff

vs

_____ Defendent

Affidavit of Publication

STATE OF OREGON }
County of Multnomah _____ } s.s

I, J. M. McInteer being first duly sworn depose and say that I am the Principal Clerk Of The Publisher of The Oregonian, a newspaper of general circulation, as defined by ORS 193.010 and 193.020, published in the City of Portland, in Multnomah County, Oregon; that the advertisement, a printed copy of which is hereto annexed, was published without interruption in the entire and regular issues of The Oregonian for one successive and consecutive issue on the following dates: 3/15/79

J. M. McInteer
Principal Clerk Of The Publisher

Subscribed and sworn to before me this 4th day of April 19 79

Notary Public for Oregon

My Commission Expires July 8, 1979

F-1703

My Commission expires: _____

SCOEPA00001639

1.4

Exhibit A

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT, made and entered into this 24th day of May, 1978, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon (hereinafter referred to as the "Port"), and WACKER CHEMICAL CORPORATION, a New York corporation, and WACKER SILTRONIC, a Delaware corporation (hereinafter referred to as the "Company"),

W I T N E S S E T H:

WHEREAS, the Port is authorized under the provisions of Oregon Revised Statutes, Chapters 777 and 778 (hereinafter referred to as the "Statutes"), to issue pollution control and industrial development bonds to defray in whole or in part the cost of pollution control and industrial development facilities to be located within the territorial boundaries of the Port; and

WHEREAS, in order to implement the public purposes enumerated in the Statutes and in furtherance thereof to induce the Company to acquire, construct and equip a manufacturing plant, including all necessary land and buildings within the territorial boundaries of the Port, the Port has offered to issue its pollution control and industrial development bonds under the Statutes and apply the proceeds therefrom to the payment of the cost of acquiring, constructing and equipping pollution control and industrial development facilities (hereinafter referred to collectively as the "Projects"); and

WHEREAS, the Company, after considering a number of possibile locations, and in reliance upon the offer of the Port to finance in part the acquisition, construction and equipping of the Projects through the issuance of pollution control and industrial development bonds under the provisions of the Statutes, has determined to locate a manufacturing plant within the territorial boundaries of the Port; and

WHEREAS, it is now deemed advisable to express formally and in writing the understanding heretofore informally agreed upon by the parties hereto;

NOW, THEREFORE, in consideration of the premises and of the mutual undertakings herein expressed, the Port and the Company hereto recognize and agree as follows:

A. The Port finds, intends, declares and agrees:

1. That the Port is authorized by the provisions of the Statutes to acquire, construct and equip the Projects described in

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Exhibit 1 hereto; and for the purpose of paying the cost of such acquisition, construction and equipping, including expenses incidental thereto, is authorized by the aforementioned Statutes to issue its pollution control and industrial development bonds payable from the revenues and receipts derived from the lease or sale of the Projects by the Port to the Company.

2. a. That the Port will, subject in all respects to the provisions and requirements of the Statutes and to a sale of separate issues of pollution control and industrial development bonds on terms satisfactory to the Company and the Port, use its best efforts to authorize, issue, sell and deliver its pollution control bonds in a principal amount not to exceed $5,000,000 and its industrial development bonds in principal amount not to exceed $1,000,000 (collectively the "Bonds"), and apply the proceeds therefrom to the payment of the cost of acquisition, construction and equipping of the Projects.

b. That the Port will investigate the legality of its authorizing an additional amount of taxable revenue bonds not to exceed $8,000,000.

3. That it will, after securing the consent of the Company, enter into an underwriting agreement with one or more investment banking firms (the "Underwriters") whereby the Underwriters will agree to purchase the Bonds from the Port and the Port will agree to sell the Bonds to the Underwriters, at such times and in such amounts as may be agreed upon by the Port and the Company, and the Bonds will bear such interest rate or rates and contain such other terms and conditions as shall be authorized by law and mutually satisfactory to the Port and the Company.

4. That the issuance and sale of the Bonds in the amount and for the purposes hereinabove set forth will be appropriate and consistent with the objectives of the Statutes and that the adoption of the Agreement is and constitutes the taking of affirmative official action by the Port towards the issuance of the Bonds within the meaning of Section 1.103-8(a)(5) of the Internal Revenue Service regulations pertaining to pollution control and industrial development bonds.

5. That at the proper time or times and subject in all respects to the advice, consent and approval of the Company, the Port will adopt, or cause to be adopted, such proceedings and resolutions and authorize the execution of such documents and agreements as may be necessary and advisable for the acquisition and construction of the Projects, as aforesaid, and the lease or sale of the Projects to the Company thereof all as shall be authorized by law and mutually satisfactory to the Port and the Company; provided that in all events the sums payable under such documents and agreements shall be sufficient to pay the principal of and interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable, together with all reasonable and necessary expenses of the Port in connection with the financing of the Projects over the term of the Bonds.

SCOEPA00001642

B. The Company finds, intends, declares and agrees:

1. That the construction of the industrial plant by the Company will result in increased employment and will increase the local industrial tax base.

2. That it will enter into a contract or contracts, and perform to the extent necessary or appropriate under contracts already entered into, for the construction and equipping of the Projects and that at the time of the delivery of the Bonds, it will convey or transfer the Projects and assign such contracts to the Port subject only to such liens, charges and encumbrances as shall be agreed to by the Port and the Company.

3. That if required by the Port, it will guarantee or cause to be guaranteed the principal of and interest on the Bonds and will execute or cause to be executed a guaranty agreement therefor.

4. That contemporaneously with the delivery of the Bonds it will enter into a lease or sales agreement, or supplements or amendments thereto, with the Port or an intermediary entity under the terms of which the Company will obligate itself to pay to the Port directly or through such intermediary entity sums sufficient in the aggregate to pay the principal of and interest and redemption premium, if any, on the Bonds as and when the same shall become due and payable, together with all expenses, costs or outlays incurred by the Port in connection with the financing of the Project over the term of the Bonds including but not limited to an administrative management fee payable at the time of closing each bond issue, such administrative fee to be annually one-tenth of 1 percent of the aggregate principal outstanding but no less than $5,000 per year, and the Port's attorneys' fees and expenses incurred by reason of the issuance of the bonds; such lease or agreement to contain such provisions as may be required by law, and such other provisions as shall be mutually acceptable to the Port and the Company. Such lease or sales agreement shall also obligate the Company to pay the Port all other fees and costs incurred by the Port by reason of the outstanding bonds, including the annual administrative management fee.

5. That the Company, if requested by the Port, either in such lease or sales contract or in a separate document, shall grant to the Port, for the benefit of the Port or a trustee for the holders of the Bonds, a mortgage or other security interest in the Projects.

6. That it will take such further action and adopt such further proceedings or resolutions as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

7. That if the events set forth herein do not take place by June 1, 1979, or any extension thereof and at least one series of the

SCOEPA00001643

Bonds is not sold within such time, the company agrees that it will promptly thereafter reimburse the Port for all reasonable and necessary direct or indirect expenses which the Port may have incurred in connection with the Projects and the financing thereof and arising from the execution of this Agreement and the performance by the Port of its obligations hereunder, and this Agreement shall thereupon terminate.

8. That the Company shall indemnify and hold the Port harmless against all liabilities incurred in connection with the acquisition or installation of all facilities for the Projects. In the event bond proceeds are insufficient to pay the total cost of the acquisition and the installation thereof, the Company shall pay the amount of any such deficiency.

C. The Port and the Company find, intend, declare and agree:

1. That the Bonds shall never constitute an indebtedness of the Port or a loan of credit thereof within the meaning of any constitutional or statutory provision, and such fact shall be plainly stated on the face of the Bonds. No holder of any of the Bonds shall ever have the right to compel any exercise of the taxing power of the Port to pay the aggregate principal amount of the Bonds or any interest thereon. The principal, premium (if any) and interest on the Bonds to be issued to finance the Projects shall be secured by a pledge to a trustee acting under a trust indenture for the benefit of the holder or holders of the Bonds of the revenue and receipts to be derived by the Port from the Projects.

2. That all commitments of the Port and the Company hereunder (except the agreements and commitments of the Company under Clauses 7 and 8 of Paragraph B hereof) are subject to the conditions that on or before June 1, 1979, (or such other date as shall be mutually satisfactory to the Port and the Company) the Port and the Company shall have agreed to mutually acceptable terms for no less than one series of the Bonds and the sale and delivery thereof, and mutually acceptable terms and conditions for the contracts and agreements referred to in this Agreement.

3. That it is desirable that the Company act as agent for the Port and arrange for the acquisition, construction and equipping of the Projects in order to ensure that the Projects will conform to the requirements of the Company.

4. That this Agreement shall be binding upon the Port and the Company, and upon their respective successors and assigns.

5. That this Agreement may be executed in separate counterparts, all of which shall be deemed a single instrument.

SCOEPA00001644

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

THE PORT OF PORTLAND

By _____
(Vice) President

By _____
Assistant Secretary

APPROVED AS TO FORM

_____
of Counsel for The Port of Portland

APPROVED BY COMMISSION

5-24 1978

WACKER CHEMICAL CORPORATION

By _____
Director

WACKER SILTRONIC CORPORATION

By _____
President

Statement of Notary

State of California
County of Santa Clara

Sworn and subscribed to by me on the 25th day of May, 1978.

_____
Notary Public

My commission expires Dec. 5, 1980.

OFFICIAL SEAL
IRENE A. GAGNE
NOTARY PUBLIC - CALIFORNIA
SANTA CLARA COUNTY
My comm. expires DEC 5, 1980

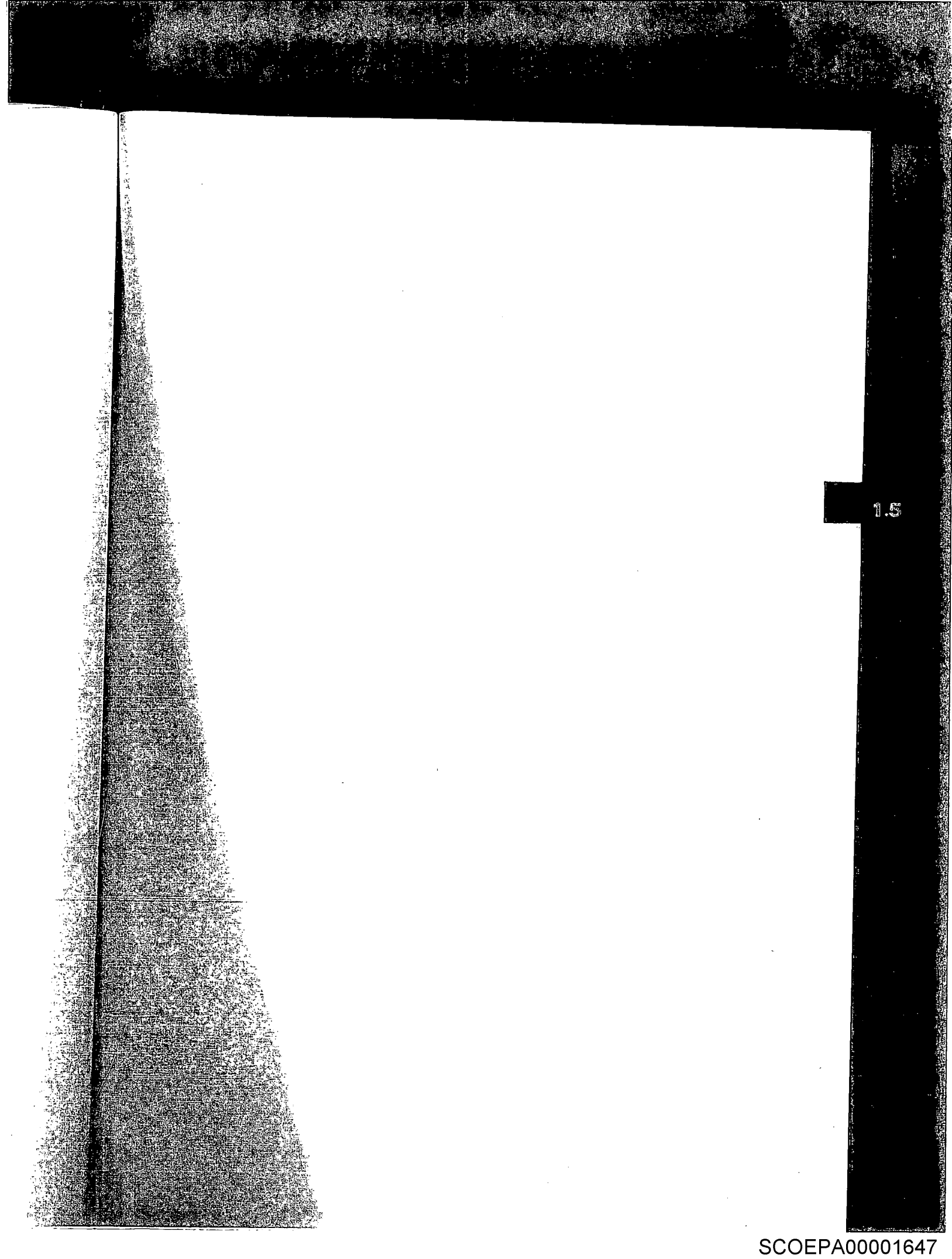
SCOEPA00001645

EXHIBIT 1

Description of the Project

The Project is a facility for the manufacture and distribution of hyper-pure silicone wafers. There will be a process building of approximately 120,000 square feet, a headquarters facility and a warehouse, shipping, receiving and maintenance building. Parking will be provided for employees and visitors.

The Project will include air pollution control facilities consisting of an NO_x scrubber and related equipment. Waste water treatment facilities will be provided to remove inorganic acids and bases, silicon sludge and organic compounds.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1.5

INSTALLMENT SALE AGREEMENT

BETWEEN

THE PORT OF PORTLAND

AND

WACKER SILTRONIC CORPORATION

Dated as of April 15, 1979

(and Assignment to First National Bank of Oregon,

Trustee, Dated as of April 15, 1979)

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Installment Sale Agreement

THIS INSTALLMENT SALE AGREEMENT, dated as of April 15 1979, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon (hereinafter called the "Port"), party of the first part, and WACKER SILTRONIC CORPORATION, a corporation organized and existing under the laws of the State of Delaware (hereinafter called the "Corporation"), party of the second part.

W I T N E S S E T H :

WHEREAS, the Port is authorized by the provisions of Chapter 777 and Chapter 778 of the Oregon Revised Statutes, as amended, to issue revenue bonds for the purpose of constructing buildings and other improvements and acquiring personal properties including but not limited to machinery and equipment considered necessary whether or not now in existence or under construction, suitable for use by any industry for the manufacturing, refining, processing or assembling of any agricultural, mining or other products; and

WHEREAS, the Port has authorized as a project the acquisition, construction and installation of certain air and water pollution control facilities at the Corporation's plant in Portland, Oregon, as more fully described in Exhibit A to this Agreement, said project to be acquired, constructed and installed for and at the expense of the Port and to be sold to the Corporation on the terms and conditions hereinafter set forth; and the Port has further authorized the issuance and sale of $3,430,000 aggregate principal amount of its Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (hereinafter called the "1979 Series Bonds"), the proceeds to be used to pay a portion of the costs of acquiring, constructing and installing said project; and

WHEREAS, the 1979 Series Bonds are to be issued under and secured by an Ordinance enacted by the Port on March 14, 1979.

WHEREAS, the Port has duly authorized the execution of this Agreement by proper corporate action;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

That the parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, DO HEREBY AGREE as follows:

ARTICLE I

DEFINITIONS.

The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings in this Article I specified, unless the context clearly otherwise requires:

Act:

"Act" shall mean Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended, and all future acts supplemental thereto or amendatory thereof.

Additional Bonds:

"Additional Bonds" shall mean Bonds of any Series, other than the 1979 Series Bonds, duly authenticated and delivered pursuant to the Ordinance.

Administration Expenses:

"Administration Expenses" shall mean (i) an annual administrative management fee to be paid by the Corporation to the Port on May 1, 1979 and each May 1 thereafter so long as any Bonds are outstanding in an amount equal to 1/10 of 1% of the aggregate principal amount of the Bonds outstanding on the date of payment, but not less than $2,500, and (ii) the compensation and expenses paid to or incurred by the Trustee under the Ordinance.

Agreement:

"Agreement" shall mean this Installment Sale Agreement dated as of April 15, 1979 between the Port and the Corporation and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof and the Ordinance.

Authorized Company Representative:

"Authorized Company Representative" shall mean any person at the time designated to act on behalf of the Corporation by a written certificate, signed on behalf of the Corporation by its President or one of its Vice Presidents or its Treasurer and its Secretary or one of its Assistant Secretaries and furnished to the Port and the Trustee, containing the specimen signature of each such person.

Bondholder:

"Bondholder" or "holder of the Bonds" or "holder" shall mean the bearer of any coupon Bond or the registered owner of any registered Bond.

Bonds:

"Bond" or "Bonds" shall mean any bond or all of the bonds, as the case may be, of the Port authorized and issued by the Port, authenticated by the Trustee and delivered under the Ordinance.

The term "outstanding", when used with reference to Bonds, shall mean, except as otherwise provided in Section 1.01 of the Ordinance, at any date as of which the amount of outstanding Bonds is to be determined, the aggregate of all Bonds authorized, issued, authenticated and delivered under the Ordinance, except:

(a) Bonds cancelled on or prior to such date;

(b) Bonds for the payment of which cash shall have been theretofore deposited with the Trustee in an amount equal to the principal amount thereof and interest thereon to maturity; and

(c) Bonds for the redemption of which cash shall have been theretofore deposited with the Trustee; provided that notice of such redemption shall have been given as in Article VIII of the Ordinance provided or provision satisfactory to the Trustee shall have been made therefor.

In determining whether the holders of the requisite aggregate principal amount of Bonds outstanding have consented under this Agreement, Bonds which are owned by the Corporation or the Port shall be disregarded and deemed not to be outstanding for the purpose of any such determination.

Bond Fund:

"Bond Fund" shall mean the fund created under Article VI of the Ordinance.

Completion Date:

"Completion Date" shall mean the date of completion of the acquisition, construction and installation of the Project, as that date shall be certified pursuant to Section 3.05 hereof.

Construction Fund:

"Construction Fund" shall mean the fund created under Article V of the Ordinance.

Corporation:

"Corporation" shall mean Wacker Siltronic Corporation, a Delaware corporation, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 5.02 hereof.

Cost:

"Cost", when used in connection with the Project described in Exhibit A hereto, any enlargements, improvements or extensions of such Project, or any additional pollution control facilities at the Plant, shall be deemed to include, whether incurred prior to or after the date of this Agreement, (a) obligations of the Port or of the Corporation or any affiliate of the Corporation incurred for labor, materials and other expenses and to contractors, builders and materialmen in connection with the acquisition, construction and installation of the facilities being acquired, constructed or installed; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the facilities being acquired, constructed or installed which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Port and the Corporation and any affiliate of the Corporation for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the facilities being acquired, constructed or installed; (d) compensation and expenses of the Trustee, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the issuance of the Bonds, including any payments to be made by the Corporation pursuant to the definition of Administration Expenses and under the memorandum of agreement between the Port and the Corporation, dated May 24, 1978, which are not otherwise provided for under the terms of this Agreement; (e) all other costs which the Port or the Corporation or any affiliate of the Corporation shall be required to pay under the terms of any contract or contracts for the acquisition (by purchase, lease or otherwise), construction or installation of the facilities being acquired, constructed or installed; (f) any sums required to reimburse the Port or the Corporation or any affiliate of the Corporation for advances made by any of them for any of the above items, or for any other costs incurred and for work done by any of them, which are properly chargeable to the facilities being acquired, constructed or installed; (g) any amount designated by the Corporation for deposit in the Bond Fund for payment of interest on

the 1979 Series Bonds to a date not later than April 15, 1980 and, in the case of a Series of Additional Bonds, such date or dates as shall be specified in the Supplemental Ordinance providing for the issuance of such Series of Additional Bonds; and (h) payment of any other costs and expenses relating to the construction of the Project and financing thereof, including, without limitation, taxes payable under Section 4.11 hereof, administrative expenses of the Port, and expenses incurred pursuant to Section 3.07 hereof.

Exempt Costs:

"Exempt Costs" shall mean the sum of: (i) the aggregate of the amounts calculated by multiplying the Cost of each of the facilities comprising the Project which has been, or will be, properly charged by the Corporation to the capital account of such facility for Federal income tax purposes by the applicable percentage set forth for such facility in Exhibit A hereto; and (ii) with respect to each of the facilities comprising the Project, an amount equal to the product of (a) that portion of the interest on the 1979 Series Bonds theretofore incurred which is attributable to the Cost of such facility and which is eligible for capitalization under Section 266 of the Internal Revenue Code of 1954, as amended, and the Treasury Regulations promulgated thereunder and (b) the applicable percentage for such facility as set forth in Exhibit A hereto. For purposes of this definition, Cost shall be computed without regard to compensation and expenses of Trustee, legal, accounting, financial, and printing expenses and all other expenses incurred in connection with the issuance of the Bonds.

Financing Statement:

"Financing Statement" shall mean a financing statement or continuation statement filed pursuant to the provisions of the Uniform Commercial Code of the State of Oregon or such other jurisdiction the laws of which are applicable.

Installment Payment Date:

"Installment Payment Date" shall mean each date designated as such under Section 4.02 hereof.

Opinion of Counsel:

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or of counsel to the Corporation, or bond counsel, or may be other counsel satisfactory to the Trustee.

Ordinance:

"Ordinance" shall mean Ordinance No. 245 of the Port enacted March 14, 1979, pursuant to which the Bonds are to be issued and secured, as the same may be amended or supplemented from time to time in accordance with the provisions thereof.

Permitted Encumbrances:

"Permitted Encumbrances" shall mean and include:

(a) undetermined liens and charges incident to construction or maintenance, and liens and charges incident to construction or maintenance now or hereafter filed of record which are being contested in good faith and have not proceeded to judgment provided that the Corporation shall have set aside adequate reserves with respect thereto;

(b) the lien of taxes, assessments and other governmental charges and assessments which are not delinquent;

(c) the lien of taxes, assessments and other governmental charges and assessments which are delinquent but the validity of which is being contested in good faith and with respect to which the Corporation shall have set aside adequate reserves unless thereby any of the Project or the interest of the Port therein may be in danger of being lost or forfeited;

(d) minor defects and irregularities in the title to the Project which do not in the aggregate materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held;

(e) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is or may reasonably be expected to be held;

(f) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Project which do not materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held;

(g) any obligations or duties affecting any portion of the Project to any municipality or

governmental or other public authority with respect to any right, power, franchise, grant, license or permit;

(h) present or future zoning laws and ordinances;

(i) the rights of the Port under the Agreement;

(j) the lien and charge of the Ordinance;

(k) all rights that the City of Portland, Oregon may hold pursuant to a Development and Disposition Agreement dated as of May 26, 1978 by and between said City and the Corporation and Wacker.

Plans and Specifications:

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, certified by an Authorized Company Representative and filed with the Port at the date of issuance of the 1979 Series Bonds, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the Completion Date in accordance with Section 3.04 of this Agreement.

Plant:

"Plant" shall mean the silicon wafer manufacturing facility of the Corporation located in Portland, Oregon, in connection with which the Project is designed to be used.

Port:

"Port" shall mean The Port of Portland, a municipal corporation of the State of Oregon, and any successor to its duties and functions.

Principal Installment Date:

"Principal Installment Date" shall mean any date on which the principal of any Bonds shall mature or on which amounts are required to be deposited in the Bond Fund.

Project:

"Project" shall mean (1) the air and water pollution control facilities described in Exhibit A hereto, including any modifications thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided by the Plans and Specifications, but not including personal property installed in accordance with Section 4.14 of this Agreement, (2) enlargements,

improvements or extensions of said facilities financed by Additional Bonds, and (3) additional facilities for the control, abatement or prevention of water or air pollution at the Plant financed by Additional Bonds.

Secretary:

"Secretary" shall mean the duly authorized Secretary or Assistant Secretary or Assistant Secretaries of the Port.

Series or Series of Bonds:

"Series" or "Series of Bonds" shall mean all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the provisions of the Ordinance, regardless of variations in maturity, interest rate, sinking fund requirements, or other provisions.

1979 Series Bonds:

"1979 Series Bonds" shall mean the Series of Bonds in the aggregate principal amount of $3,430,000 initially issued under the Ordinance.

Sinking Fund Requirement:

"Sinking Fund Requirement" means with respect to (i) the 1979 Series Bonds, the amounts so designated and established pursuant to Section 2.02 of the Ordinance, and (ii) any Series of Additional Bonds, any amount so designated pursuant to the Supplemental Ordinance providing for issuance of such Additional Bonds.

Supplemental Ordinance:

"Supplemental Ordinance" shall mean any ordinance supplementary to or amendatory of the Ordinance as originally enacted which is duly enacted in accordance with the provisions of the Ordinance.

Trustee:

"Trustee" shall mean First National Bank of Oregon (and its corporate successors), as Trustee under the Ordinance, and its successors thereunder.

Wacker:

"Wacker" shall mean (i) Wacker Chemical Corporation, a New York Corporation, and its successors and assigns and (ii) any surviving, resulting or transferee Corporation as provided in

Section 2.6 of the Guarantee Agreement, dated as of April 15, 1979, between said Wacker Chemical Corporation and the Trustee.

ARTICLE II

REPRESENTATIONS AND FINDINGS.

SECTION 2.01. Representations of the Port. The Port makes the following representations as the basis for the undertakings on the part of the Corporation herein contained:

(a) The Port is a municipal corporation, duly created and existing under and pursuant to laws of the State of Oregon;

(b) The Port has full power and authority to enter into the transactions contemplated by this Agreement and the Ordinance and to carry out its obligations hereunder and thereunder;

(c) The Port has been duly authorized to execute and deliver this Agreement and to enact the Ordinance and by proper action has duly authorized the execution and delivery of this Agreement and the enactment of the Ordinance; and

(d) Under existing federal, state and local statutes and decisions no taxes on income or profits are imposed on the Port.

(e) The Bonds, together with the interest thereon, are limited obligations of the Port payable solely from the payments made pursuant to the Agreement, the proceeds of the Bonds and the income earned by the investment of funds under the Ordinance, and the Bonds and the Agreement shall not constitute an indebtedness, a general obligation or a charge against the general credit or taxing power of the Port within the meaning of any constitutional or charter provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Port.

SECTION 2.02. Representations of Corporation. The Corporation makes the following representations as the basis for the undertakings on the part of the Port herein contained:

(a) The Corporation is a corporation duly incorporated and in good standing under the laws of the State of Delaware, is duly qualified and authorized to engage in business in the State of Oregon, has power

to enter into this Agreement and by proper corporate action has duly authorized the execution and delivery hereof;

(b) The acquisition, construction and installation of the Project by the Port and the sale thereof to the Corporation, as provided by this Agreement will facilitate compliance with the requirements of Federal, state and local laws and regulations governing air and water pollution; and

(c) The Corporation presently intends to operate the Project as facilities for the control, abatement or prevention of water and air pollution.

(d) The Corporation is not in violation of any provision of its certificate of incorporation, its by-laws or any laws in any manner material to its ability to perform its obligations under this Agreement.

(e) The Project is of the type authorized and permitted by the Act, and the estimated Cost of the Project is not less than the principal amount of the Series 1979 Bonds.

(f) Substantially all (90% or more) of the proceeds of the 1979 Series Bonds (after reduction for compensation and expenses of the Trustee, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the issuance of the Bonds) will be used to provide Exempt Costs of air and water pollution control facilities more particularly described in Exhibit A to this Agreement and in the Plans and Specifications and that the Corporation will not submit any requisition which, if paid, would result in the expenditure of less than 90 percent of the amount of such proceeds theretofore expended being used to pay Exempt Costs.

(g) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflicts with or results in a breach of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Corporation is now a party or by which it is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Corporation under the terms of any instrument or agreement.

ARTICLE III

COMPLETION OF PROJECT; ISSUANCE OF THE BONDS.

SECTION 3.01. Corporation to Construct Project. The Corporation will acquire, construct and install the Project, or cause the Project to be acquired, constructed and installed, for and at the expense of the Port as herein provided substantially in accordance with the Plans and Specifications, and will use its best efforts to cause the acquisition, construction and installation thereof to be completed by December 1, 1980, or as soon thereafter as may be practicable, delays incident to the events specified in the first sentence of the last paragraph of Section 7.01 hereof or any other delay beyond the reasonable control of the Corporation only excepted; but if for any reason such acquisition, construction and installation shall not be completed by said date there shall be no resulting diminution in or postponement of the purchase price payments required in Section 4.02 hereof to be paid by the Corporation. The Project shall belong to and be the property of the Port until title thereto vests in the Corporation pursuant to this Agreement.

Anything in this Agreement notwithstanding, the Corporation shall not be obligated to complete the acquisition, construction and installation of the Project upon acceleration of the payment of the applicable unpaid portion of the purchase price therefor pursuant to the provisions of Section 8.01 or 8.02 hereof and the making of any such payment in the amount required by, and in accordance with the terms of, this Agreement.

Prior to the passage of the conveyance of title to the Project to the Corporation pursuant to the terms of this Agreement, sole and exclusive possession of the Project shall be in the Corporation, Wacker or any affiliate designated by it, subject to Permitted Encumbrances, and also subject to the right of inspection by a duly authorized representative of the Port, which inspection shall be made during business hours and upon reasonable notice.

The Port shall have, and the Corporation hereby grants to the Port, all easements and rights of way, which shall be non-exclusive, in, over and upon (a) the land owned by the Corporation upon which the Plant is, and the Project is to be, situated and (b) such part of the Plant as may be necessary or convenient in order to enable the Port and the Trustee to take all remedial steps authorized under Section 7.02 hereof in the event of a default by the Corporation under this Agreement or otherwise to exercise their rights under this Agreement.

The right of inspection and easements and rights of way hereby granted to the Port may be exercised only after the Port or any agent thereof shall have executed a release of liability and secrecy agreement in the form then currently used by the

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Corporation. Further, nothing contained in this Section on in any other provision of this Agreement shall be construed to entitle the Port or any of its assigns to any information or inspection involving the confidential know-how of the Corporation.

In order to effectuate the purposes of this Agreement, the Corporation will make, execute, acknowledge and deliver, or cause to be made, executed, acknowledged and delivered, all contracts, orders, receipts, writings and instructions, in the name of the Corporation or otherwise, with or to other persons, firms or corporations, and in general do or cause to be done all such other things as may be requisite or proper for the acquisition, construction and installation of the Project and fulfillment of the obligations of the Corporation under this Agreement.

The Corporation will maintain such records in connection with the acquisition, construction and installation of the Project as to permit reasonably ready identification thereof.

SECTION 3.02. Sale of 1979 Series Bonds, Additional Bonds. In order to provide funds for payment of a portion of the Cost of the Project, the Port, as soon as practicable after the execution of this Agreement, will sell, issue and deliver to the initial purchasers thereof the 1979 Series Bonds and deposit the proceeds thereof with the Trustee, as follows: (a) in the Bond Fund, a sum equal to the accrued interest, if any, paid by the initial purchasers of the 1979 Series Bonds, and (b) in the Construction Fund, the balance of the proceeds to be received from said sale.

Upon written request from the Corporation to the Port to issue Additional Bonds to complete payment of the Cost of the Project, the Port shall use its best efforts to issue such Bonds in one or more Series for such purpose in accordance with the provisions of the Ordinance and the Act; provided, however, that the failure of the Port to issue Additional Bonds shall not release the Corporation from any of the provisions of this Agreement, regardless of the reason for such failure.

SECTION 3.03. Payments from Construction Fund. The Port has, in the Ordinance, authorized and directed the Trustee to make payments from the Construction Fund to pay the Cost of the Project, upon receipt by the Trustee of requisitions (upon which both the Port and the Trustee shall rely and shall be protected in relying) signed by an Authorized Company Representative, stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm or corporation to whom payment is due (or, in the case of payments to the Bond Fund, instructions to make such payments to the Bond Fund), (3) the amount to be paid and (4) that each obligation, item of cost or expense mentioned therein has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous withdrawal. The Port

shall receive a copy from the Corporation of all such requisitions from the Corporation within 1 day from receipt thereof by the Trustee. The payment from the Construction Fund for the portion of the Project constructed by the Corporation or any affiliate of the Corporation shall be made only upon the Corporation's delivering, or causing to be delivered, all such deeds, bills of sale or other title documents as shall be necessary or appropriate to convey title thereto, subject to Permitted Encumbrances, to the Port. The Corporation covenants and agrees that it will not submit any requisition or requisitions which, if paid, would result in less than substantially all of the moneys in the Construction Fund being applied to Exempt Costs of the air and water pollution control facilities as more particularly described in Exhibit A to this Agreement and in the Plans and Specifications.

SECTION 3.04. Revision of Plans and Specifications. The Corporation may revise the Plans and Specifications at any time and from time to time prior to the Completion Date. No revision in such plans and Specifications will be made in the course of construction of the Project unless and until such revision shall have been certified by an Authorized Company Representative and filed with the Port. No material change in the Plans and Specifications shall be made unless (i) a copy of each such revision, duly certified by an Authorized Company Representative, shall be filed with the Port; (ii) an Authorized Company Representative shall certify to the Trustee that such revision is for the purpose of accommodating technological changes or changes in governmental pollution control standards or is otherwise desirable and that the Project provided for by the revised Plans and Specifications will qualify for financing under the provisions of Section 103 (a) and (b)(4)(F) of the Internal Revenue Code of 1954, as amended, and any applicable regulations thereunder and will constitute facilities for the control, abatement or prevention of water or air pollution; and (iii) the Trustee shall be furnished with either an unqualified Opinion of Counsel experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions or a ruling of the Internal Revenue Service that such revision and the expenditure of moneys from the Construction Fund to pay the Cost of the Project in accordance with such revision will not impair the exemption of interest on outstanding Bonds from Federal income taxation.

SECTION 3.05. Certificate of Completion of Project. As each portion of the Project is completed and ready to be placed in service, the Corporation shall so notify the Trustee by a certificate of an Authorized Company Representative. The Completion Date shall be evidenced to the Trustee and the Port by a certificate of an Authorized Company Representative stating that the acquisition, construction and installation of the Project has been completed substantially in accordance with the Plans and Specifications and that payment of the Cost of the Project or provision therefor has been made except for any Cost of the Project not then due and payable or

the liability for payment of which is being contested or disputed by the Corporation. Notwithstanding the foregoing, each such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

SECTION 3.06. **Completion of Project if Construction Fund Moneys Inadequate; Surplus in Construction Fund.** If the moneys in the Construction Fund available for payment of the Cost of the Project (including moneys from the proceeds of any Additional Bonds sold pursuant to the terms and provisions of the Ordinance to finance completion of the Project) should not be sufficient to pay the Cost of the Project in full, the Corporation will complete or cause to be completed the Project and pay or cause to be paid all of that portion of the Cost of the Project in excess of the moneys available therefor in the Construction Fund. The Port does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund will be sufficient to pay the Cost of the Project. If the Corporation shall pay any portion of the Cost of the Project pursuant to the provisions of this Section 3.06, it shall not be entitled to any reimbursement therefor (except to the extent of reimbursement from the proceeds of any Additional Bonds sold to finance completion of the Project) from the Port, the Trustee or the holders of any of the Bonds, nor shall it be entitled to any diminution in or postponement of the purchase price payments required in Section 4.02 hereof to be paid by the Corporation.

If, upon the completion of the Project, there shall be any surplus funds remaining in the Construction Fund not required to provide for the payment of the Cost of the Project, such funds upon written instructions of the Corporation such moneys shall be applied for any of the following purposes, without priority: (i) the purchase of Bonds, (ii) the redemption of Bonds by depositing such moneys in the Bond Fund, (iii) to pay debt service on the Bonds by depositing such moneys in the Bond Fund, or (iv) to acquire additional pollution control facilities. If written instructions of the Corporation are given to the Trustee to apply such funds for either purposes (iii) or (iv) the Trustee shall also be furnished with either an unqualified Opinion of Counsel experienced in matters relating to tax exemption of interest on bonds issued by states and their political subdivisions designated by the Port or a ruling of the Internal Revenue Service that the expenditure of such moneys will not impair the exemption of interest on outstanding Bonds from Federal income taxation and, if option (iv) should be chosen, an Opinion of Counsel that the construction, acquisition and installation of such pollution control facilities constitute proper purposes of the Port under the Act.

SECTION 3.07. **Corporation to Pursue Remedies Against Contractors in Event of Breach of Contract.** In the event of default of any contractor or subcontractor under any contract made by

it in connection with the Project or in the event of a breach of warranty with respect to any materials, workmanship or performance guaranty, the Corporation may proceed, either separately or in conjunction with others, to pursue such remedies against the contractor or subcontractor so in default and against each surety for the performance of such contract as it may deem advisable. The Corporation will advise the Port of the steps it intends to take in connection with any such default. If the Corporation shall so notify the Port, the Corporation may, in its own name or in the name of the Port, prosecute any action or proceeding or take any other action involving any such contractor, subcontractor or surety which the Corporation deems reasonably necessary, and in such event the Port will cooperate fully with the Corporation. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to the Completion Date shall be paid into the Construction Fund or, if recovered after the Completion Date and full disposition of the Construction Fund, shall be retained by or paid to the Corporation.

SECTION 3.08. Investment of Moneys in Funds Created Under Ordinance. Any moneys held as a part of the Construction Fund or any other fund created pursuant to the Ordinance shall, at the written request of the Corporation (or, if the Corporation is in default under this Agreement, at the written request of the Port), be invested or reinvested by the Trustee as provided in Article VII of the Ordinance; provided, however, that the Corporation shall not direct any investment of such moneys which would cause the Bonds to be "arbitrage bonds," within the meaning of Section 103(c) of the Internal Revenue Code and applicable regulations thereunder, as amended from time to time, so long as the Bonds are outstanding.

ARTICLE IV

SALE AND PURCHASE OF PROJECT; PAYMENT OF PURCHASE PRICE; SECURITY INTEREST; OPERATION AND MAINTENANCE; INSURANCE; CONDEMNATION; AND TAXES.

SECTION 4.01. Agreement to Sell and Purchase Project. The Port hereby sells and conveys to the Corporation and the Corporation hereby purchases and acquires from the Port, upon the terms and conditions of this Agreement and subject to Permitted Encumbrances, all of the Port's right, title and interest to the Project.

As each portion of the Project is completed and ready to be placed in service, as evidenced by a certificate to that effect delivered by an Authorized Company Representative to the Trustee pursuant to Section 3.05 hereof, title to such portion will vest in the Corporation, subject to those liens and encumbrances existing

prior to acquisition of such portion by the Port or created by the Corporation or to the creation or suffering of which the Corporation consented.

Simultaneously with the original execution and delivery of this Agreement, the Port has delivered to the Trustee a bill of sale for the Project from the Port to the Corporation, conveying all the Port's right, title and interest in and to the Project not theretofore conveyed by the Port to the Corporation, and irrevocably instructs the Trustee to deliver such bill of sale to the Corporation, and to date such bill of sale the date of delivery thereof, upon receipt by the Trustee and the Port of a certificate of an Authorized Company Representative stating any of the following has occurred: (1) the Completion Date, (2) that final payment has been made by the Corporation of the full amount of the payments required to be paid by the Corporation under Section 4.02 hereof, or (3) that the payment of the entire unpaid purchase price of the Project has been accelerated pursuant to the provisions of Section 8.01 or 8.02 hereof and that such purchase price has been paid in full as required by this Agreement.

The Port will take such action and execute such documents as may be deemed necessary or desirable by the Corporation to evidence and confirm any such transfer of title and any other transfer of title pursuant to this Agreement. The Corporation will pay all expenses and taxes (if any) applicable to or arising from any transfer of title as herein provided.

SECTION 4.02. Purchase Price Installments; Prepayments. The Corporation agrees to pay to the Port as the purchase price for the Project a sum equal to the aggregate principal amount of the Bonds issued under the Ordinance for the Project, together with any premium due thereon, and with interest on the unpaid balances thereof at the rates payable by the Port on such Bonds, in the amounts and on the dates (each of which is herein called an "Installment Payment Date") as follows:

(a) On the business day next preceding each interest payment date with respect to any Series of Bonds, the sum which, together with other moneys available therefor in the Bond Fund (including moneys transferred to such Fund for interest on the Bonds), will equal the interest to be paid on such Series of Bonds on such interest payment date; and

(b) On the business day next preceding each Principal Installment Date, the sum which, together with other moneys available therefor in the Bond Fund, will equal the sum of (i) the principal of Bonds of any Series which will mature on such Principal Installment Date, (ii) the amount, if any, required to

be deposited in the Bond Fund to meet the Sinking Fund Requirement on such Principal Installment Date and (iii) any applicable redemption premium.

In addition to the options and obligations of the Corporation under Article VIII hereof to accelerate payment of the entire unpaid balance of the purchase price of the Project, the Corporation shall have the option to make from time to time prepayments in part of any installment due as aforesaid on account of such purchase price, together with interest accrued and to accrue and premium, if any, to be paid on the Bonds if such prepayment is to be used for the redemption of such Bonds. The Trustee shall apply such prepayments in such manner consistent with the provisions of the Ordinance as may be directed by the Corporation.

In the event that (i) any such partial prepayment shall be applied by the Trustee pursuant to the Ordinance to the purchase or redemption of Bonds or (ii) Bonds are presented and surrendered by the Corporation or the Port to the Trustee for cancellation pursuant to the Ordinance, the Corporation shall be entitled to a credit for the principal amount of such Bonds so purchased, redeemed or cancelled against the amount or amounts due under the provisions of subsection (b)(ii) of this Section 4.02 to the extent such principal amount of Bonds is similarly credited pursuant to the Ordinance against the Sinking Fund Requirement required to be made to the Bond Fund.

In the event the Corporation shall fail to make any of the payments required in this Section 4.02 the payment so in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid, and the Corporation will pay the same with interest thereon until paid at the rate per annum which is one percentage point greater than the highest rate per annum borne by any Bonds issued under the Ordinance.

SECTION 4.03. Assignment to Trustee; Obligation to Make Payments Absolute. It is understood and agreed that all payments by the Corporation under this Agreement (except attorney fees and other expenses paid pursuant to Section 7.04 hereof, indemnification payments pursuant to Section 4.07 hereof and payment described in clause (i) of the definition of Administration Expenses) are to be assigned by the Port to the Trustee. The Corporation assents to such assignment and agrees that, as to the Trustee, its obligation to make such payments shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by the Port of any obligation to the Corporation, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Corporation by the Port or the Trustee. The Port directs the Corporation, and the Corporation agrees, to pay to the Trustee at its principal corporate trust office all payments payable by the

Corporation pursuant to this Agreement (except attorney fees and other expenses paid pursuant to Section 7.04 hereof, indemnification payments pursuant to Section 4.07 hereof and payment described in clause (i) of the definition of Administration Expenses).

So long as any Bonds are outstanding, the Corporation will pay to the Trustee on each Installment Payment Date the Administration Expenses other than those described in clause (i) of the definition of Administration Expenses not theretofore provided for which have then accrued and become payable. So long as any Bonds are outstanding, the Corporation will pay to the Port on May 1, 1979 and on each May 1 thereafter the annual administrative management fee described in clause (i) of the definition of Administration Expenses.

The Corporation further agrees to pay for the expense of printing the Bonds, both coupon and registered, provided such expense is not paid from the Construction Fund pursuant to Section 3.03 hereof.

SECTION 4.04. Port Retains Security Interest in Project. The Port retains and the Corporation grants to the Port, but subject to Permitted Encumbrances, a purchase money security interest in the Project and all renewals and replacements which may hereafter become part of the Project, to secure the payment of all sums payable by the Corporation to the Port pursuant to the provisions of Section 4.02 hereof or any other provision hereof and the performance by the Corporation of all its obligations hereunder. In order to perfect the security interest hereby granted, the Corporation and the Port are executing concurrently with the execution of this Agreement appropriate Financing Statements and will, when required by applicable law, execute and cause to be filed appropriate additional Financing Statements; and in order to permit the proper filing of said Financing Statements, the Corporation represents and warrants that the Project has been and is to be constructed and installed at the locations indicated in Exhibit A hereto and agrees that it will not permit any part of the Project to be removed from such locations without prior written notice to the Port and the Trustee, in which event it will cooperate with the Port in the execution and filing of such additional Financing Statements as may be required to continue the perfection of the security interest hereby granted therein. As long as the Ordinance remains in effect, the Corporation will deliver to the Trustee the Opinion of Counsel described in Section 9.11 of the Ordinance.

SECTION 4.05. Mandatory Acceleration of Payment Without Premium Upon Happending of Certain Events. 1. The Corporation shall be obligated, and agrees, to accelerate payment of the entire amount payable under Section 4.02 of this Agreement with respect to the 1979 Series Bonds upon:

(a) the issuance of a published or private ruling of the Internal Revenue Service in which the Corporation has participated to the degree it deems sufficient and which ruling the Corporation, in its discretion, does not contest by an appropriate proceeding directly or through a Bondholder, or

(b) a final determination by any court of competent jurisdiction in the United States in a proceeding to which the Corporation is a party, or

(c) enactment of any amendment to the Internal Revenue Code of 1954, as amended, or the promulgation of or amendment to Treasury Department Regulations, or any other change in present law,

to the effect that the interest payable on the 1979 Series Bonds is includable in the gross income for Federal income tax purposes of the holders thereof (other than a "substantial user" of the Project or a "related person" as provided in Section 103(b)(8) of the Internal Revenue Code of 1954, as amended), provided, however, that the Corporation may, at its option, not be obligated to redeem the 1979 Series Bonds as provided herein if interest payable on the 1979 Series Bonds is includable for Federal income tax purposes in the gross income of the holders thereof (other than a "substantial user" of the Project or a "related person") due to the occurrance of an event in (c) above and the Corporation upon written notification to the holders of the 1979 Series Bonds within thirty days of receipt of notice from the Trustee of its mandatory redemption obligation hereunder, agrees (a) to pay interest on the outstanding principal amount of the 1979 Series Bonds in an amount equal to 11.34% from the date on which interest on the 1979 Series Bonds was included in such holders' gross income to the maturity date (as defined below) of the 1979 Series Bonds, minus the amount of interest actually paid on the 1979 Series Bonds from the date of the inclusion of interest in the gross income of the holder and (b) that the maturity date of the 1979 Series Bonds shall be changed to April 15, 1989 and all outstanding principal on the 1979 Series Bonds plus unpaid interest accrued to such maturity date shall be payable on such maturity date. In the event of redemption of the 1979 Series Bonds pursuant to this Section 4.05(1), the Corporation shall be obligated to pay a sum sufficient together with any other funds held by the Trustee and available for such purpose, (i) to redeem, on the date specified pursuant to the Ordinance all outstanding 1979 Series Bonds at a redemption price equal to the principal amount of such 1979 Series Bonds, (ii) to pay the interest which will accrue on such 1979 Series Bonds to the date so fixed for their redemption, and (iii) to pay all expenses of the Port accrued and to accrue through the date fixed for such redemption.

Notwithstanding anything contained in this Section to the contrary in the event that a redemption of a portion of the 1979 Series Bonds outstanding would have the result that interest payable on any 1979 Series Bonds remaining outstanding after such redemption would not be includable in the gross income of any holder of any 1979 Series Bonds (other than a holder who is a "substantial user" of the Project or a "related person" within the meaning of Section 103(b)(7) of the Internal Revenue Code of 1954, as amended, and the applicable regulations thereunder) then the Corporation, subject to the Corporation's election of the option provided in this Section 4.05(1), shall be obligated to pay a sum sufficient together with any other funds held by the Trustee and available for such purpose, (i) to redeem on the date specified pursuant to the Ordinance such portion of the 1979 Series Bonds as would accomplish such result at a redemption price equal to the principal amount of such 1979 Series Bonds, (ii) to pay the interest which will accrue on such 1979 Series Bonds to the date so fixed for their redemption, and (iii) to pay all expenses of the Port accrued and to accrue through the date fixed for such redemption. The Corporation agrees to make the payments required by this Section on or prior to the redemption date set for the 1979 Series Bonds pursuant to Section 8.05 of the Ordinance.

The Corporation agrees that, immediately after receipt by it of notice of either a ruling or court decision or change in law to the effect mentioned above, it will inform in writing the Trustee and the Port that it has received such notice.

2. The Corporation shall also be obligated, and agrees, to accelerate payment of the entire amount payable under Section 4.02 of this Agreement with respect to the 1979 Series Bonds upon receipt of written notice from a majority of the holders of the 1979 Series Bonds then Outstanding to the effect that they have elected on behalf of all of said Bondholders to require the redemption of the 1979 Series Bonds based upon both of the conditions in either of subparagraphs (a) or (b) below existing or the condition in subparagraph (c) below existing.

(a) Wacker Chemie GmbH ("Chemie"), a German corporation, shall own directly or indirectly less than 100% but more than 75% of the voting stock of the Corporation and the Corporation shall have a net worth, as determined in accordance with generally accepted accounting principles ("Net Worth") of less than $6,000,000; or

(b) Chemie shall own directly or indirectly less than 75% but more than 51% of the voting stock of the Corporation and the Corporation shall have a Net Worth of less than $10,000,000; or

(c) Chemie shall own directly or indirectly less than 51% of the voting stock of the Corporation.

In any case, the Corporation shall be obligated to pay a sum sufficient together with any other funds held by the Trustee and available for such purpose, (i) to redeem, on the date specified pursuant to the Ordinance all Outstanding 1979 Series Bonds at a redemption price equal to the principal amount of such 1979 Series Bonds, (ii) to pay the interest which will accrue on such 1979 Series Bonds to the date so fixed for their redemption, and (iii) to pay all expenses of the Port accrued and to accrue through the date fixed for such redemption.

The Corporation agrees that, immediately after receipt by it of such notice to the effect mentioned above, it will inform in writing the Trustee and the Port that it has received such notice.

3. If a mandatory acceleration of payments pursuant to this Section results in the payment or provision for payment of all 1979 Series Bonds the Port shall deliver the documents set forth in Section 8.03 hereof to the Corporation to the extent required by said Section 8.03.

SECTION 4.06. **Maintenance of Project; Remodeling.** The Corporation will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Corporation will have no obligation to maintain, repair, replace or renew any element or unit of the Project (a) the maintenance, repair, replacement or renewal of which becomes uneconomic to the Corporation because of damage or destruction by a cause not within the control of the Corporation, or obsolescence (including economic obsolescence), or change in government standards and regulations, or the termination by the Corporation of the operation of the production facilities to which the element or unit of the Project is an adjunct, and (b) with respect to which the Corporation has furnished to the Trustee a certificate of an Authorized Company Representative that the maintenance, repair, replacement or renewal of such element or unit of the Project is being discontinued for one of the foregoing reasons, which shall be stated therein.

Subsequent to the Completion Date, the Corporation shall have the privilege of remodeling the Project or making substitutions, modifications and improvements to the Project from time to time as it, in its discretion, may deem to be desirable for its uses and purposes, the Cost of which remodeling, substitutions, modifications and improvements shall be paid by the Corporation, and the same shall be the property of the Corporation, subject to the provisions of

Section 4.14 hereof, and be included under the terms of this Agreement as part of the Project.

SECTION 4.07. **Insurance and Indemnification.** Commencing with the start of construction, the Corporation shall keep the Project continously insured against such risks as are customarily insured against by businesses of like size and type, paying as the same become due and payable all premiums with respect thereto; provided, however, that the Corporation may self-insure against any of the foregoing risks to the extent and in the manner that it may legally do so and it is the general practice of businesses of like size and type to self-insure against such risks. In lieu of the separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies of the Corporation. Insurance policies may be written with deductible amounts and exceptions and exclusions comparable to those of businesses of like size and type.

If the Corporation at any time shall carry property damage or public liability insurance with specific reference to the Project or the operation thereof, the Port and the Trustee and any of its agents shall be made additional insureds under such policy or policies or included therein as their interests may appear.

All proceeds of insurance against property damage shall be made payable to the Corporation alone and the Corporation shall collect and retain such proceeds, except as provided in Section 4.08 hereof, and all claims under any insurance policy referred to in this Agreement may be settled by the Corporation without the consent of the Port or the Trustee or its agents irrespective of whether they are named as insureds thereunder.

The Port makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Corporation's purposes or needs. The Corporation releases the Port and the Trustee and their Commissioners, agents, servants, officers and employees now and forever, from and covenants and agrees that the Port and the Trustee and their Commissioners, agents, servants, officers and employees now and forever, shall not be liable for, and agrees to indemnify and hold the Port and the Trustee and their Commissioners, agents, servants, officers and employees now and forever, harmless against any loss or damage to property or any injury to or death of any person occurring at or resulting from any cause whatsoever pertaining to the Project or the use thereof.

The Port and its Commissioners, agents, servants, officers and employees shall not be liable for any damage or injury to the persons or property of the Corporation or its officers, agents, servants or employees, or any other person who may be about the Project, due to any act or negligence of any person, including the Port and its Commissioners, agents, servants, officers and employees, and the Corporation hereby indemnifies and holds harmless the Port and its

Commissioners, agents, servants, officers and employees against any loss, claims, damages, expenses or liabilities to which the Port and its Commissioners, agents, servants, officers and employees may become subject due to any such damage or injury.

It is understood and agreed to by the Corporation that any obligation incurred by the Port as contemplated by this Agreement in connection with the Project or the construction thereof, or sale thereof, or issuance, sale and delivery of the Bonds and not paid or satisfied out of Revenues, as defined in the Ordinance, or out of Bond proceeds, shall be paid by the Corporation.

The Port shall reimburse the Corporation for payments made by the Corporation to the extent of any proceeds, net of all expenses of collection, actually receved by the Port from any insurance with respect to any loss sustained. The Port shall have the duty to claim any such insurance proceeds and the Port shall assign its rights to such proceeds, to the extent of such required reimbursement, to the Corporation; provided that in the case of proceeds from public liability insurance, such moneys shall be held in escrow by the Corporation until such time as the judgment or settlement of the action upon which the insurance proceeds were paid has been satisfied by the Corporation (the Corporation may use such moneys to satisfy such settlement or judgement). In case any action shall be brought against the Port or to the knowledge of the Port threatened against the Port in respect of which indemnity may be sought against the Corporation, the Port shall promptly notify the Corporation in writing (failure of the Port to give such notice to the Corporation shall in no way affect or act as a waiver by the Port of the indemnity provisions of this Section 4.07) and the Corporation shall have the right to assume the investigation and defense thereof including the employment of counsel and the payment of all expenses. The Port shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by the Port unless the employment of such counsel has been authorized by the Corporation. The Corporation shall not be liable for any settlement of any such action without its consent but, if any such action is settled with the consent of the Corporation or if there be final judgment for the plaintiff of any such action, the Corporation agrees to indemnify and hold harmless the Port from and against any loss by reason of such settlement or judgment.

SECTION 4.08. Damage to Project. Immediately after the occurrence of any damage or loss to the Project, the Corporation shall notify the Port and the Trustee as to the nature and extent of such damage or loss and, as soon as practicable thereafter, notify the Port and the Trustee whether it is practicable and desirable to rebuild, repair or restore such damage or loss. If the Corporation shall determine that such rebuilding, repairing or restoring is practicable and desirable, the Corporation shall forthwith proceed

with such rebuilding, repairing or restoring and shall notify the Port and the Trustee upon the completion thereof. In such case, any insurance proceeds received in respect of such damage or loss shall be made available to and used by the Corporation for payment of, or reimbursement for, the costs of such rebuilding, repairing or restoring. Any insurance proceeds received in respect of such damage or loss not expended in rebuilding, repairing or restoring the Project shall be paid to the Trustee for deposit in the Bond Fund. The Corporation shall be entitled to the net proceeds of any insurance proceeds or portion theroef paid for damage to any property not constituting a part of the Project.

SECTION 4.09. Condemnation of Project. In the event that title to or the temporary use of the Project, or any part thereof, shall be taken in condemnation or by the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, there shall be no abatement or reduction in the payments required under Section 4.02 hereof to be made by the Corporation and any proceeds received from any award or awards in respect of the Project or any part thereof made in such condemnation or eminent domain proceedings, after payment of all expenses incurred in the collection thereof, shall be paid to the Trustee for deposit in the Bond Fund.

The Port shall cooperate fully with the Corporation in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project or any part thereof. In no event will the Port voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Corporation.

SECTION 4.10. Condemnation other than Project. Any provisions of this Agreement to the contrary notwithstanding, the Corporation shall be entitled to that portion of the proceeds of any condemnation award made for damages to or taking of its own property (including that of any of its affiliates) other than the Project.

SECTION 4.11. Payment of Taxes, Liens and Assessments. The Corporation will: (a) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by the Federal, state or any municipal government upon the Port with respect to or upon the Project or any part thereof or upon any payments hereunder when the same shall become due; (b) duly observe and comply with all valid requirements of any governmental authority relative to the Project; (c) not create or suffer to be created any lien or charge upon the Project or any part thereof or upon the payments in respect thereof pursuant to this Agreement, except Permitted Encumbrances; and (d) pay or cause to be discharged or make adequate provision to satisfy and discharge, within sixty

(60) days after the same shall come into force, any lien or charge upon the Project or any part thereof or any payments hereunder and all lawful claims or demands for labor, materials, supplies or other charges which, if unpaid, might be or become a lien upon the Project or any part thereof or any payments hereunder, except Permitted Encumbrances.

The Corporation may, at its expense and in its own name or in the name of the Port, in good faith (i) claim or defend any tax exemption for the Project to which it believes it, as purchaser of the Project, is entitled to claim or defend or (ii) contest any such taxes, assessments, liens and other charges and, in the event of any such contest, may permit the taxes, assessments, liens or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Port or Trustee shall notify the Corporation that, in the Opinion of Counsel by an attorney or firm of attorneys of favorable reputation in the field of municipal bond law, by nonpayment of any such items the security afforded pursuant to the terms of the Ordinance will be materially endangered, in which event such taxes, assessments or charges shall be paid forthwith. The Port will cooperate fully with the Corporation in any such claim, defense or contest.

SECTION 4.12. Additional Payments by Corporation. The Corporation will pay, or cause to be paid, in addition to the payments provided for in Sections 4.02 and 4.03 hereof, all of the expenses of operation of the Project, including, without limitation, the cost of all necessary and proper repairs, replacements and renewals made pursuant to Section 4.06 hereof; the cost of insurance, if any, carried pursuant to Section 4.07 hereof; and any and all taxes and assessments payable pursuant to Section 4.11 hereof.

SECTION 4.13. No Abatement of Payments. It is understood and agreed that the payments under Section 4.02 and other charges payable hereunder shall continue to be payable at the time and in the amounts herein specified, whether or not the Project, or any portion thereof, shall have been destroyed, wholly or partially, by fire or other casualty, and that there shall be no abatement of any such payments and other charges by reason thereof.

SECTION 4.14. Installation of Additional Property by Corporation. The Corporation may from time to time, in its sole discretion and at its own expense, install machinery, equipment and other personal property in the Project and which may be attached or affixed to the Project. All such machinery, equipment and other personal property shall remain the sole property of the Corporation and the Corporation may remove the same from the Project at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Corporation at the expense of the Corporation. The Corporation may create any mortgage, encumbrances, lien or charge on any such

machinery, equipment and other personal property. Neither the Port nor the Trustee shall have any interest in any such machinery, equipment or personal property so installed pursuant to this Section.

SECTION 4.15. Additional Bonds. The Corporation agrees that in the event the Port shall, at the request of the Corporation, issue Additional Bonds under the Ordinance for the purpose of (a) completing the acquisition, construction and installation of the Project described in Exhibit A hereto, (b) enlarging, improving or expanding such Project, (c) providing additional facilities at the plant for the control, abatement or prevention of water or air pollution, or (d) refunding of Outstanding Bonds in accordance with the Ordinance the Corporation will, if necessary, enter into an amendment to this Agreement with the Port which will contain such provisions as shall be required in respect of the issuance of such Additional Bonds.

ARTICLE V

SPECIAL COVENANTS.

SECTION 5.01. No Warranty as to Suitability of Project. The Port makes no warranty, either express or implied, as to the actual or designed capacity of the Project, as to the suitability of the Project for the purposes specified in this Agreement, as to the condition of the Project, or that the Project will be suitable for the Corporation's purposes or needs.

SECTION 5.02. Maintenance of Corporate Existence of Corporation; Merger, Sale or Transfer. The Corporation agrees that while the Bonds are outstanding it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Corporation may, without violating the agreement contained in this Section, consolidate with or merge into another domestic (United States) corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, (i) is authorized to do business in the State of Oregon, (ii) is a domestic corporation as aforesaid and (iii) assumes in writing all of the obligations of the Corporation under this Agreement, provided further that the surviving, resulting or transferee corporation, as the case may be, has a consolidated net worth (after giving effect to such consolidation, merger or transfer) at least equal to or greater than that of the Corporation immediately prior to such consolidation, merger or transfer.

If a consolidation, merger or sale or other transfer is made as permitted by this Section 5.02, the provisions of this Section 5.02 shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section 5.02.

SECTION 5.03. Quiet Enjoyment of Project. The Port covenants that the Corporation, so long as it observes and performs the terms, conditions and covenants on the Corporation's part to be observed and performed under this Agreement, shall peaceably and quietly have, hold and enjoy the Project as purchaser in possession, free from molestation, hindrance, eviction or disturbance by the Port or by any other person or persons lawfully claiming the same by, through or under the Port, and the Port shall not create or suffer to be created any lien, charge or encumbrance on the Project or any part thereof other than those consented to by, or arising from the action or inaction of, the Corporation.

SECTION 5.04. Cooperation for Permits and Licenses. In the event it may be necessary for the proper performance of this Agreement, or any rights hereunder, on the part of the Port or the Corporation that any application or applications for any permit or license or authorization to do or to perform certain things be made to any governmental or other agency by the Corporation or the Port, or both, the Corporation and the Port each agree to execute upon the request of the other such application or applications.

SECTION 5.05. Preservation by Port of Rights, Powers and Tax Status. The Port will use its best efforts to maintain, preserve and renew all the rights, powers, privileges and franchises relating to the Project owned by it; and will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Project. The Port further covenants that it will not take or fail to take any action that would result in the loss of any tax exemption which it presently enjoys or to which it may subsequently become entitled, the loss of which would adversely affect the Corporation's interest in the Project or under this Agreement.

SECTION 5.06. Corporation's Right to Remedy Defaults of Port. The Corporation is hereby granted the right, in the event of a default by the Port under this Agreement or the Ordinance of any of its covenants and obligations, to take such actions as it may deem necessary to remedy such default.

SECTION 5.07. Covenant as to Further Assurances. The Port covenants that, insofar as it is within its legal power to do so, it will from time to time execute and deliver such further instructions and take such further action as may be reasonable and as may be required to carry out the purpose of this Agreement; provided, however, that no such instruments or actions shall pledge the credit

or taxing power of the State of Oregon or any political subdivision of said State.

SECTION 5.08. **Tax-Exempt Status of the Bonds.** The Corporation and the Port covenant and agree that they, and each of them, will not take or authorize or permit any action to be taken and have not taken or authorized or permitted any action to be taken which results in the interest paid on the Bonds being included in gross income for purposes of Federal income taxation.

SECTION 5.09. **Bonds Redeemable at Option of Corporation.** If the Corporation is not in default in its payments pursuant to Section 4.02 hereof, the Port agrees that, at the request at any time of the Corporation and if the Bonds are then callable, it will forthwith take all steps that may be necessary under the applicable redemption provisions of the Ordinance to effect redemption of all or part of the then outstanding Bonds, as may be specified by the Corporation on the redemption date designated by the Corporation and in which such redemption may be made under such applicable provisions.

SECTION 5.10. **Notice to Guarantor.** All notices, certificates, demands, reports, consents, approvals, and other documents required to be furnished to the Corporation under and pursuant to any provision of this Agreement including any notice of an Event of Default shall be furnished in like manner to Wacker, as Guarantor under the Guarantee; provided, however, that this Agreement and the duties, obligations and liabilities of the Corporation hereunder and the Guarantee and the duties, obligations and liabilities of Wacker thereunder shall in no way be affected or impaired by the failure of the Port or the Trustee to furnish such notice and other document or documents to Wacker. The performance by Wacker under the Guarantee of any covenant, agreement, condition or provision contained in this Agreement shall be deemed to be the performance by the Corporation of such covenant, agreement, condition or provision.

ARTICLE VI

ASSIGNMENT, LEASE AND SALE.

SECTION 6.01. **Assignment, Lease or Sale of Project by Corporation.** The Corporation will not sell, lease or otherwise dispose of or encumber the Project, except for Permitted Encumbrances and except as provided in Section 5.02 hereof and in this Section 6.01. The Corporation may from time to time sell or permit the sale of any machinery, fixtures, apparatus, tools, instruments or other movable property or any materials constituting part of, or used in connection with, the Project, if the Corporation certifies, in writing, to the Port and the Trustee that such articles are no longer needed or are no longer useful in its operation of the Project and

the proceeds thereof are applied to the replacement of or substitution for the properties so sold or disposed of, or are paid to the Trustee for deposit in the Bond Fund. In addition, this Agreement may be assigned in whole or in part, and the Project may be sold or leased as a whole or in part, and any proceeds therefrom retained, by the Corporation, subject, however, to the Port's Consent and, to the following conditions:

(a) No sale, assignment or leasing (other than pursuant to Section 5.02 hereof), shall relieve the Corporation from primary liability for any of its obligations hereunder, and in the event of any such sale, assignment or leasing the Corporation shall continue to remain primarily liable for the payments specified in Section 4.02 hereof and for performance and observance of the other agreements on its part herein provided;

(b) Any sale, assignment or lease shall be made subject to the security interest created under this Agreement;

(c) The assignee, vendee or lessee shall assume the obligations of the Corporation hereunder to the extent of the interest assigned, sold or leased; and

(d) The Corporation shall, within fifteen (15) days after the delivery thereof, furnish or cause to be furnished to the Port and the Trustee a true and complete copy of each such sale agreement, assignment and lease, as the case may be.

SECTION 6.02. Assignment to Trustee. The Port may assign its rights under and interest in this Agreement (except indemnification payments paid pursuant to Section 4.07 hereof and attorney fees and other expenses paid pursuant to Section 7.04 hereof), and may pledge and assign any purchase price payments and receipts and revenues receivable under or pursuant to this Agreement (except indemnification payments paid pursuant to Section 4.07 hereof and attorney fees and other expenses paid pursuant to Section 7.04 hereof), any moneys receivable by the Port due to other payments or sale of assets which are part of the Project, and income earned by the investment of funds held under the Ordinance for the Cost of the Project and otherwise, as provided herein and in the Ordinance, to the Trustee pursuant to the Ordinance as security for payment of the principal of, premium, if any, and interest on the Bonds, but such assignment or pledge shall be subject to this Agreement. Except as provided in this Section 6.02, the Port will not sell, assign, transfer, convey or otherwise dispose of its interest in the Project or any portion thereof or in the revenues therefrom during the term of this Agreement, nor will it create or suffer to be created any lien,

charge or encumbrance thereon other than those consented to by, or arising from the action or inaction of, the Corporation.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES.

SECTION 7.01. Enumeration of "Events of Default". The following shall be "events of default" under this Agreement, and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Corporation to pay when due any payment of the purchase price or any portion of the interest on such purchase price required to be paid under Section 4.02 hereof;

(b) Failure by the Corporation to pay when due any payment required to be made under this Agreement other than payments of the purchase price and interest thereon under Section 4.02 hereof, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Corporation by the Port by registered mail;

(c) Failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsections (a) and (b) of this Section 7.01, which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the Corporation by the Port by registered mail;

(d) The entering of an order or decree appointing a receiver of the Project or any part thereof or of the revenues thereof with consent or acquiescence of the Corporation or the entering of such order or decree without the acquiescence or consent of the Corporation if it shall not be vacated, discharged or stayed within sixty (60) days after entry; or

(e) The dissolution or liquidation of the Corporation or the filing by the Corporation of a voluntary petition in bankruptcy, or failure by the Corporation promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry out its obligations under

this Agreement, or adjudication of the Corporation as a bankrupt, or an assignment by the Corporation for the benefit of its creditors, or the entry by the Corporation into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Corporation in any proceeding for its reorganization or management instituted under the provisions of any bankruptcy act, or under any similar act which may hereafter be enacted, and such adjudication or approval shall not be vacated or set aside or dismissed within sixty (60) days of the date of entry thereof. The term "dissolution or liquidation of the Corporation", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Corporation resulting either from a merger or consolidation of the Corporation into or with another corporation or a dissolution or liquidation of the Corporation following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such actions contained in Section 5.02 hereof.

The foregoing provisions of this Section 7.01 are subject to the following limitations: If by reason of acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the Government of the United States or of the State of Oregon or any department, agency, political subdivision or official of either of them, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; material breakage or accident to machinery; partial or entire failure of utilities; or any cause or event not reasonably within the control of the Corporation, the Corporation is unable in whole or in part to carry out its agreements herein contained, other than the obligations on the part of the Corporation contained in Sections 4.02 and 5.02 hereof, the Corporation shall not be deemed in default during the continuance of such inability. The Corporation agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Corporation, and the Corporation shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Corporation unfavorable to the Corporation. Any failure of the Corporation to perform its obligations under Sections 4.02 and 5.02 hereof shall constitute an event of default regardless of the reason for such failure to perform.

SECTION 7.02. **Remedies.** Whenever any event of default referred to in Section 7.01 hereof shall have happened and be subsisting, any one or more of the following remedial steps may be taken, provided that written notice of the default has been given to the Corporation by the Port by registered mail and the default has not theretofore been cured, and provided further that no remedial steps shall be taken by the Port the effect of which would be to entitle the Port to funds necessary for the payment of principal and interest on Bonds which have not yet matured unless such principal and interest shall have been declared due and payable in accordance with the Ordinance and such declaration shall not have been rescinded:

(a) The Port may at its option declare all unpaid installments of the purchase price, together with interest then due thereon, to be immediately due and payable, whereupon the same shall become immediately due and payable;

(b) The Port may take any action at law or in equity to collect the payments then due and thereafter to become due, or to secure possession, or to enforce the performance and observance of any obligation, agreement or covenant of the Corporation under this Agreement; and

(c) The Port may enforce the Port's security interest in the Project through the exercise of the remedies provided by the Oregon Uniform Commercial Code or the Uniform Commercial Code of any other jurisdiction the laws of which are applicable.

Any amounts collected pursuant to action taken under this Section 7.02 shall be applied in accordance with the Ordinance.

Upon reasonable written notice to the Corporation, the Port, during business hours of the Corporation, shall have access to and inspect, examine and make copies of the books and records and any and all accounts and financial data of the Corporation insofar as the same relate to the Project, subject to Section 3.01 hereof.

SECTION 7.03. **No Remedy Exclusive.** No remedy conferred upon or reserved to the Port by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Port to

exercise any remedy reserved to it in this Article VII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 7.04. **Corporation to Reimburse Reasonable Fees of Attorneys and Other Expenses.** If the Corporation shall default under any of the provisions of this Agreement and the Port or the Trustee shall employ attorneys or incur other expenses for the collection of the purchase price or to secure possession, or to resell the Project or for the enforcement of performance or observance of any obligation or agreement on the part of the Corporation contained in this Agreement, the Corporation will on demand therefor pay the reasonable fees and expenses of the Port, the Trustee and their attorneys, including attorneys' fees for appeals, as they are incurred.

SECTION 7.05. **Waiver of Breach.** In the event any agreement contained in this Agreement shall be breached and such breach shall thereafter be waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Port's rights in and under this Agreement to the Trustee, the Port shall have no power to waive any default hereunder by the Corporation without the consent of the Trustee to such waiver. Notwithstanding the foregoing, if, after the maturity of the outstanding Bonds shall have been accelerated by the Trustee upon occurrence of an event of default under the Ordinance, all arrears of interest on the outstanding Bonds and interest on overdue installments of interest (if lawful) at a rate per annum which is one percentage point greater than the highest rate per annum borne by any of the Bonds and the principal and premium (if any) on all Bonds then outstanding which have become due and payable otherwise than by acceleration, and all other sums payable under the Ordinance, except the principal of and the interest on such Bonds which by such acceleration shall have become due and payable, shall have been paid, all other things shall have been performed in respect of which there was a default, there shall have been paid the reasonable fees and expenses of the Trustee and the Port and of the holders of such Bonds, including reasonable attorneys' fees (including attorneys' fees for appeals) paid or incurred and such event of default shall be waived by the Trustee and the Port with the consequence under Section 10.01 of the Ordinance that such acceleration is rescinded, then the Corporation's default hereunder shall be waived without further action by the Trustee or the Port.

ARTICLE VIII

ACCELERATION OF PURCHASE PRICE OF PROJECT.

SECTION 8.01. Options to Accelerate Payment of Purchase Price of Project. The Corporation shall have, and is hereby granted, options to accelerate payment of all or a portion of the unpaid purchase price of the Project pursuant to the terms of this Agreement and the Indenture, and under circumstances other than those described in Section 4.02 hereof, in which case the purchase price will be a sum sufficient, together with other funds held by the Trustee and available for such purpose, (i) to redeem at the earliest practicable date all Bonds of one or more Series then outstanding under the Ordinance at the redemption prices applicable on the date or dates fixed for redemption as provided in the Ordinance, (ii) to pay the principal on all such outstanding Bonds maturing prior to the date or dates fixed for redemption, (iii) to pay the interest which will become due on such Bonds to the date or dates fixed for redemption or the maturity date or dates, as the case may be, and (iv) to pay all costs and expenses relating to such Bonds and all Administration Expenses accrued and to accrue through the date or dates fixed for redemption or the maturity date or dates, as the case may be.

SECTION 8.02. Notice of Purchase. To exercise an option granted in this Article VIII, the Corporation shall give written notice to the Port and the Trustee of the date of closing of the purchase, which date shall not be less than sixty (60) nor more than one hundred eighty (180) days from the date the notice is mailed.

SECTION 8.03. **Conveyance of Title.** Upon any acceleration of the payment of all or part of the purchase price of the Project under this Article VIII prior to the conveyance of title to all the Project pursuant to Section 4.01 hereof, the Port, upon payment of the amount required, will deliver to the Corporation such documents as would be required under Section 4.01 to vest title to the Project in the Corporation, subject solely to the liens and encumbrances which would be permitted by Section 4.01 and those liens and encumbrances resulting from the failure of the Corporation to perform or observe any of the agreements on its part contained in this Agreement.

ARTICLE IX

MISCELLANEOUS.

SECTION 9.01. Disposition of Funds After Payment of Bonds. Any amounts remaining in the Bond Fund and other funds established under the Ordinance after payment in full of the Bonds (including interest and premium, if any, thereon), or provision for payment thereof having been made in accordance with the provisions of the Ordinance, and payment of all other reasonable and necessary obligations and expenses incurred by the Port to pay for the Cost of the Project, including interest, premiums and other charges, if any, thereon, and payment of Administration Expenses shall belong to and be paid to the Corporation by the Trustee as overpayment of the purchase price. This Agreement shall be terminated upon discharge of the Ordinance as provided in Section 14.01 thereof.

SECTION 9.02. Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail (except as otherwise specified herein), postage prepaid, addressed as follows: if to the Port, at P.O. Box 3529, Portland, Oregon 97208, Attention: Executive Director; if to the Corporation, at Suite 1130, 200 S.W. Market Street, Portland, Oregon 97201, Attention: Treasurer; and if to the Trustee, at P.O. Box 2971, Portland, Oregon 97208, Attention: Corporate Trust Department. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Port, the Corporation or the Trustee shall also be given to the others. The Corporation, the Port and the Trustee may, by notice given under this Section 9.02, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 9.03. Agreement to Bind and Inure to Benefit of the Corporation, Port and Holders of Bonds. This Agreement shall inure to the benefit of the Port, the Corporation and the holders from time to time of the Bonds, and shall be binding upon the Port, the Corporation and their respective successors and assigns, subject to the limitation that any obligation or liability of the Port created by or arising out of this Agreement shall not be a general debt of the Port, but shall be payable solely out of the proceeds derived from this Agreement or the sale of the Bonds or income earned on invested funds as provided herein or in the Ordinance.

SECTION 9.04. Modification of Agreement. Except as otherwise provided in this Agreement or in the Ordinance, subsequent to the initial issuance of the Bonds and prior to payment or provision for the payment of the Bonds in full (including interest and premium, if any, thereon), in accordance with the provisions of the Ordinance, and payment or provisions for the payment of other obligations incurred by the Port to pay the Cost of the Project

including interest, premiums and other charges, if any, thereon, and payment or provision for payment of Administration Expenses, this Agreement may not be amended, changed, modified, altered or terminated so as adversely to affect the interests of the holders of the Bonds without the prior written consent of (a) the holders of at least sixty-six and two-thirds per cent (66 2/3%) in aggregate principal amount of the Bonds then outstanding, and (b) in case less than all of the several Series of Bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds per cent (66 2/3%) in aggregate principal amount of the Bonds of each Series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding Bonds under this Section 9.04; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of outstanding Bonds the consent of the holders of which is required for any such amendment, change, modification, alteration or termination or decrease the amount of any payment required to be made under this Agreement or extend the time of payment thereof. This Agreement may be amended, changed, modified and altered without the consent of the holders of Bonds to provide necessary changes in connection with the issuance of Additional Bonds or to provide other changes which will not adversely affect the interest of such holders. No amendment, change, modification, alteration or termination of this Agreement shall be made other than pursuant to a written instrument signed by the Port and the Corporation.

SECTION 9.05. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement.

SECTION 9.06. Severability. If any clause, provision or section of this Agreement be held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein. In case any agreement or obligation contained in this Agreement be held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Port or the Corporation, as the case may be, to the full extent permitted by law.

SECTION 9.07. Laws of Oregon to Govern. The laws of the State of Oregon shall govern the construction of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

THE PORT OF PORTLAND

(SEAL)

By _____
President

Attest:

_____
Asst. Secretary

WACKER SILTRONIC CORPORATION

(SEAL)

By _____
Vice President

Attest:

_____
Secretary

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS that THE PORT OF PORTLAND, pursuant to the Ordinance hereinafter referred to, which Ordinance has been heretofore duly enacted, does hereby sell, assign, transfer and set over to First National Bank of Oregon, a bank corporation, having its corporate trust office and place of business in Portland, Oregon, as Trustee under the Ordinance enacted by said Port on March 14, 1979, without recourse, all the right, title and interest of said Port in and to the Installment Sale Agreement dated as of April 15, 1979, other than the indemnity provisions contained in Section 4.07 of the Installment Sale Agreement, (including, without limitation, the security interest of the Port in the Project therein described) between said Port and Wacker Siltronic Corporation, a Delaware Corporation, as well as all amounts payable or which may become payable under said Installment Sale Agreement the same to be held in trust and applied by said Trustee as provided in said Ordinance; and The Port of Portland does hereby constitute and appoint First National Bank of Oregon, Trustee as aforesaid, its true and lawful attorney for it and in its name to collect and receive payment of any and all of said payments and to give good and sufficient receipts therefor, hereby ratifying and confirming all that said attorney may do in the premises. Said Trustee may, but except as otherwise provided in said Ordinance shall not be required to, institute any proceedings or take any action in its name or in the name of The Port of Portland to enforce payment or collection of any or all of such payments. First National Bank of Oregon shall have the power to assign, without recourse, all its powers, rights, title and interest under this Assignment to any successor trustee appointed pursuant to said Ordinance.

IN WITNESS WHEREOF, The Port of Portland has caused this Assignment to be duly executed in its name by the President, and its corporate seal to be hereunto affixed and attested by its Secretary, all as of this 15th day of April, 1979.

THE PORT OF PORTLAND

(SEAL)

By _____
President

Attest:

_____
Asst. Secretary

State of Oregon)
) ss
County of Multnomah)

On this _____ day of _____, 1979, before me appeared _____ and _____, who, being duly sworn, did say that he, _____, is the President and he _____, is the Assistant Secretary of the within named The Port of Portland, a municipal corporation, that the seal to the within instrument is the corporate seal of said municipal corporation, and that said instrument was signed and sealed by authority of its Board of Commissioners, and _____ and _____ acknowledged this to be the free act and deed of said municipal corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed by official seal this day and year first in this certificate written.

_____
Notary Public for Oregon
_____ Commission Expires

State of New York)
) ss
County of New York)

On this ____ day of _____, 1979, before me appeared _____ and _____, who, being duly sworn, did say that he, _____, is the Vice President and he _____, is the (Assistant) Secretary of the within named Wacker Siltronic Corporation, a Delaware corporation, that the seal to the within instrument is the corporate seal of said corporation, and that said instrument was signed and sealed by authority of its Board of Directors, and _____ and _____ acknowledged this to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed by official seal this day and year first in this certificate written.

_____
Notary Public for
_____
Commission Expires

ROBERT H. CAREY
Notary Public, State of New York
No. 30-0564575
Qualified in Nassau County
Commission Expires March 30, 1981

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project will be located at the Corporation's Plant, located in Portland, Oregon, and will consist of the following air and water pollution control facilities:

1. Nox Scrubber and Related Alternate Power Supply System - 100%

2. Trichloroethylene Control System - 40.29%

3. Dust Separation System - 100%

4. Waste Water Treatment System - 100%

5. Cooling Water Treatment System - 57.65%

6. Pollution Storage Tanks and Special Foundations - 100%

7. Primary Switch Gear for the Nox Scrubber, Trichloroethylene Control System and Waste Water Treatment Plant - 85.86%

1.6

BOND PURCHASE AGREEMENT
The Port of Portland, Pollution Control
Revenue Bonds, 1979 Series (Wacker
Siltronic Corporation Project)

AGREEMENT dated as of April 15, 1979, by and between The Port of Portland (the "Port"), Portland, Oregon and First National Bank of Oregon, Portland, Oregon; Commerzbank, New York, New York; and Dresdner Bank, New York, New York (the "Purchasers").

SECTION 1. Representations and Warranties.

The Port represents and warrants that:

1.1. **Corporate Authority.** The Port is a municipal corporation of the State of Oregon. The Port has, pursuant to Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended (collectively the "Act"), authorized as a project the acquisition, construction and installation of certain pollution control facilities at the silicon wafer manufacturing facility in Portland, Oregon of Wacker Siltronic Corporation (the "Corporation"), a Delaware corporation, and the sale of said project to the Corporation. The Port is authorized and empowered by the Act and an ordinance enacted by the Port on March 14, 1979 (the "Ordinance") (a) to enter into the transactions contemplated by (i) this Agreement, (ii) the Ordinance and (iii) the Installment Sale Agreement (the "Sale Agreement") dated as of April 15, 1979, by and between the Port, as vendor, and the Corporation as vendee, and (b) to apply the proceeds from the issuance and sale of the Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) in an aggregate principal amount of $3,430,000 (the "Bonds") as set forth herein. The execution and delivery of this Agreement, the Ordinance, the Sale Agreement and the Bonds are within the corporate authority of the Port, have been duly authorized by all proper corporate proceedings and will not contravene any provisions of applicable law or any statute, judgment, order, decree, agreement or instrument binding on it.

1.2. **Litigation.** There is no action or proceeding pending or, to the knowledge of the Port, threatened by or against the Port before any court or administrative agency which might adversely affect the authority or ability of the Port to perform its obligations under this Agreement, the Ordinance, the Sale Agreement and the Bonds.

1.3. **Governmental Authorization.** No authorizations, consents and approvals of governmental bodies or agencies are required to be obtained by the Port in connection with the execution and delivery of this Agreement, the Sale Agreement and the Bonds or the enactment of the Ordinance or in connection with the carrying out by the Port of its obligations under this Agreement, the Sale Agreement and the Bonds.

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SECTION 2. **The Bonds.**

2.1. **Purchase of Bonds.** The Purchasers agree, upon the terms and conditions contained in this Agreement, to purchase from the Port on the date hereof the aggregate principal amount of $3,430,000 of Bonds at par plus accrued interest in the amounts as listed on Schedule A attached hereto. The Bonds purchased hereunder will mature on April 15, 1991 and will be subject to redemption at anytime without payment of premium or prepayment penalty. The Bonds will also be subject to Sinking Fund Requirements (as such term is defined in the Ordinance) on April 15 of each year as set out below:

1985	-	$490,000
1986	-	490,000
1987	-	490,000
1988	-	490,000
1989	-	490,000
1990	-	490,000
1991	-	490,000

The Bonds shall be substantially in the form set forth in Section 15.08 of the Ordinance and issued pursuant to Section 2.02 thereof, dated April 15, 1979. The Bonds will bear interest, from April 15, 1979 until paid, at a rate of 6 1/8% per annum and shall be payable semi-annually on October 15 and April 15 of each year commencing on October 15, 1979. The Bonds may be redeemed at any time without premium or prepayment penalty.

The Bonds are limited obligations of the Port and are payable solely from and secured by a pledge of the revenues derived from the sale of the Project to the Corporation (except to the extent paid out of moneys attributable to Bond proceeds, income from temporary investments or, under certain circumstances, proceeds of insurance or condemnation awards). The Bonds do not constitute a debt or liability of the State of Oregon or any political subdivision thereof, and neither such State nor any political subdivision thereof shall be liable on the Bonds nor shall the Bonds be payable out of any funds other than those pledged under the Ordinance.

Under the Sale Agreement, title to the Project will be vested in the Corporation but the Port will retain a security interest, subject to Permitted Encumbrances, in the Project and all renewals and replacements thereof to secure the payment of all sums payable by the Corporation to the Port under the Sale Agreement and the performance by the Corporation of all its obligations thereunder.

Payment of the principal and interest on the Bonds has been unconditionally guaranteed by Wacker Chemical Corporation (the "Guarantor") pursuant to a Guarantee Agreement by and between the

Guarantor and First National Bank of Oregon, as Trustee, dated as of April 15, 1979 (the "Guarantee").

2.2. **Funds.** Payment of the purchase price of the Bonds shall be made in New York Clearing House funds.

2.3. **Conditions to the Purchase of Bonds.** The obligation of the Purchasers to purchase the Bonds shall be subject to the following conditions:

(a) At the time of Closing, the Ordinance, the Guarantee, and Sale Agreement in substantially the forms attached hereto shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by you, and the Port shall have duly adopted and there shall be in full force and effect such ordinances and resolutions of the Port as in the opinion of Messrs. Mudge Rose Guthrie & Alexander shall be necessary in connection therewith, with the issuance of the Bonds and with the transactions contemplated hereby;

(b) The market price of the Bonds, or the market price of general credit or revenue obligations issued by States or political subdivisions thereof, or the market price of revenue obligations of the character of the Bonds shall not have been materially and adversely affected by reason of the fact that:

> (i) legislation shall have been enacted by the Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or passed by either House of the Congress, or
>
> (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or
>
> (iii) an order, ruling or regulation shall have been made or proposed by the Treasury Department of the United States or the Internal Revenue Service;

in each such case with the purpose or effect, directly or indirectly, of imposing Federal income taxation upon such interest as would be received by the holders of the Bonds or upon such income as would be received by the Port under the Sale Agreement or the Guarantee, or

> (iv) between the date hereof and the date of the Closing there shall have been a material adverse change in the national financial or economic situation

in the United States and there shall have occurred (A) the closing of the New York Stock Exchange, or (B) the general suspension of trading on the New York Stock Exchange, or (C) the establishment of a general banking moratorium by Federal or New York State authorities;

(c) No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commenced, nor shall any legislation have been enacted, with the purpose or effect of prohibiting the issuance, offering or sale of the Bonds as contemplated hereby or the execution or performance of the Ordinance, the Sale Agreement or the Guarantee in accordance with their respective terms;

(d) The Government of the United States shall not have made any declaration of war or become engaged in any major military hostilities;

(e) There are no lawsuits or indictments pending by governmental authorities or others to which the Corporation or the Guarantor is a party or of which any property of the Corporation or the Guarantor is subject, other than ordinary routine litigation incident to the kind of business conducted by the Corporation and the Guarantor, which, if determined adversely to the Corporation or the Guarantor would individually or in the aggregate have a material adverse effect on the financial position or results of operations of the Corporation or the Guarantor.

(f) At or prior to the Closing, you shall receive the following documents:

(i) the unqualified approving opinion, dated the date of Closing, and addressed to the Port of Messrs. Mudge Rose Guthrie & Alexander, Bond Counsel to the Port;

(ii) one copy of a transcript of all proceedings relating to the authorization and issuance of the Bonds;

(iii) the opinion of Messrs. Wood, Tatum, Mosser, Brooke & Holden, counsel to the Port, dated the date of the Closing, and addressed to the Port, to the effect:

(A) The Port is a municipal corporation created and existing under and by virtue of the laws of the State of Oregon.

(B) The Port has lawful authority to acquire, construct and install the Project and to sell the Project in accordance with the terms of the Sale Agreement.

(C) The Ordinance has been duly enacted by the Port, and the Sale Agreement, the Bond Purchase Agreement and the Agency Agreement have been duly authorized, executed and delivered by the Port and each of the foregoing constitutes legal, valid and binding obligations of the Port in accordance with its terms.

(D) The Bonds have been duly and validly authorized and issued by the Port, are legal, valid and binding obligations of the Port in accordance with their terms and the terms of the Ordinance and are entitled to the benefits of the Ordinance.

(E) The execution and delivery by the Port of the Agency Agreement and the Bond Purchase Agreement and compliance therewith and with the Ordinance and with the Sale Agreement will not in any material respect conflict with or constitute a breach or default under any agreement or other instrument to which the Port is a party or by which it is bound.

(F) Neither the execution nor delivery by the Port of the Agency Agreement, the Bond Purchase Agreement, the Ordinance or the Sale Agreement, the consummation by the Port of any transactions therein contemplated nor the fulfillment by the Port of the terms, conditions or provisions thereof conflicts with, violates or results in a breach of any law or court decree or, to the best of our knowledge, any published administrative regulation applicable to the Port.

(G) Any recording, registration or filing of the Ordinance, the Sale Agreement, the Guarantee or any other instrument necessary to perfect and preserve the rights created thereunder as against third parties or required for the validity and enforceability thereof, including financing statements under the Uniform Commercial Code, has been made and no re-recording, re-filing or re-registration of any such instruments is required for such purpose at this time.

(H) No authorization, approval, consent or other order of any governmental authority or agency other than the Port is required for the valid authorization, execution and delivery of the Sale Agreement, the Bond Purchase Agreement and Agency Agreement or enactment of the Ordinance by the Port.

(iv) a certificate or certificates, dated the date of Closing, signed by an appropriate official of the Port and in form and substance satisfactory to Messrs. Mudge Rose Guthrie & Alexander, in which such person shall state that, to the best of his knowledge after reasonable investigation, the Port has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the date of Closing, that the execution, enactment and delivery of the Sale Agreement, the Bond Purchase Agreement, the Ordinance and the Bonds, and the fulfillment of their terms and provisions by the Port, will not conflict with, or constitute on the part of the Port a breach of or default under, any law, administrative regulation, or court decree to which the Port or its officers are parties, or any indenture, mortgage, deed of trust, agreement or other instrument binding on the Port, and that no litigation is pending or, to the knowledge of the signer of such certificate threatened (A) to restrain or enjoin the issuance or delivery of any of the Bonds, or the application of the proceeds thereof, or the payment, collection or application of purchase price or other revenues or payments pursuant to the Ordinance, the Sale Agreement, the Bond Purchase Agreement or the Guarantee, (B) in any way contesting or affecting any

authority for or the validity of the Bonds, the Ordinance, the Sale Agreement, the Guarantee, the Bond Purchase Agreement, the application of the proceeds of the Bonds or the payment, collection or application of purchase price or other revenues or payments pursuant to the Ordinance, the Sale Agreement or the Guarantee, or (C) in any way contesting the right and power of the Port to cause the Project as defined in the Ordinance to be constructed, reconstructed or acquired;

(v) a certificate, dated the date of Closing, signed by the President or a Vice President and a principal financial or accounting officer of the Corporation and the President or a Vice President and a principal financial or accounting officer of the Guarantor in which such officers state that, to the best of their knowledge after reasonable investigation, the representations and warranties of the Corporation and the Guarantor in the Letter of Indemnity are true and correct as if made at and as of the Closing, that the Corporation and the Guarantor have complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing and that no litigation is pending or threatened against the Corporation or the Guarantor (A) to restrain or enjoin the issuance or delivery of any of the Bonds or the application of the proceeds thereof, or the payment, collection or application of the purchase price or other revenues or payments pursuant to the Sale Agreement, the Guarantee or the Ordinance, or (B) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinance, the Sale Agreement, the Guarantee, this Bond Purchase Agreement, the application of the proceeds of the Bonds or the payment, collection or application of the purchase price or other revenues or payments pursuant to the Sale Agreement, the Guarantee or the Ordinance;

(vi) the opinion of Walter, Conston, Schurtman & Gumpel, P.C., Counsel for the Corporation, dated the date of Closing and addressed to you and the Port, to the effect that:

> (A) The Corporation has been duly organized and is validly existing and in good standing under the laws of the State of Delaware; the Corporation has full corporate power to execute and deliver, and perform its

obligations under the Sale Agreement and the Letter of Indemnity; and the Corporation is duly qualified to do business and is in good standing in the State of Oregon;

(B) The Sale Agreement has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Corporation enforceable in accordance with its terms (subject to bankruptcy and other laws affecting enforcement of creditors' rights generally);

(C) The Letter of Indemnity has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Corporation and has not been terminated by the Corporation;

(D) No authorization, approval, consent or other order of any governmental authority or agency other than the Port or of any other entity or person (or persons) is required for the valid authorization, execution and delivery of the Sale Agreement and the Letter of Indemnity by the Corporation;

(E) There is no litigation pending or threatened against the Corporation: (i) to restrain or enjoin the issuance or delivery of any of the Bonds, or the application of the proceeds thereof, or the payment, collection or application of payments or other revenues pursuant to the Sale Agreement or the Ordinance, (ii) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinance, the Sale Agreement, the Letter of Indemnity, the Guarantee, the Agency Agreement, the Bond Purchase Agreement, the application of the proceeds of the Bonds or the payment, collection or application of payments or other revenues pursuant to the Sale

Agreement, the Ordinance or the Guarantee, or (iii) in any way contesting the right and power of the Port to cause to be constructed the Project as described in the Sale Agreement;

(F) The execution and delivery of the Sale Agreement and the Letter of Indemnity and the fulfillment of their terms and provisions by the Corporation will not: (i) conflict with, violate or result in a breach of any law or any administrative regulation or court decree applicable to the Corporation, (ii) conflict with, or result in a breach of, or constitute a default under the Articles of Incorporation or Bylaws of the Corporation or the laws of the State of Delaware or any indenture, mortgage, deed of trust, agreement or other instrument to which the Corporation is a party, or by which it is bound, or any order, rule or regulation applicable to the Corporation of any court or other govermental body, or (iii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation pursuant to the terms of any such indenture, mortgage, deed of trust or other instrument;

(G) The operation of the Project in the manner presently contemplated and as described in the Ordinance and the Sale Agreement will not conflict with any zoning, water or air pollution applicable thereto. The Project is located wholly within the jurisdiction of the Port.

(H) Subject to those liens and encumbrances existing on the date of execution and delivery of the Sale Agreement, the Port has acquired all the right, title and interest of the Corporation in and to such components of the Project (as defined in the Sale

SCOEPA00001704

Agreement) as have been completed or work on which is in progress at the time of execution of the Sale Agreement.

(vii) The opinion of Walter, Conston, Schurtman & Gumpel, P.C., Counsel for the Guarantor, dated the date of the Closing and addressed to you and the Port, to the effect that:

(A) The Guarantor has been duly organized and is validly existing and in good standing under the laws of the State of New York; the Guarantor has full corporate power to execute and deliver, and perform its obligations under the Guarantee and the Letter of Indemnity;

(B) The Guarantee has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Guarantor enforceable in accordance with its terms (subject to bankruptcy and other laws affecting enforcement of creditors' rights generally);

(C) The Letter of Indemnity has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Guarantor and has not been terminated by the Guarantor;

(D) No authorization, approval, consent or other order of any governmental authority or agency other than the Port or of any other entity or person (or persons) is required for the valid authorization, execution and delivery of the Guarantee and the Letter of Indemnity by the Guarantor;

(E) There is no litigation pending or threatened against the Guarantor: (i) to restrain or enjoin the issuance or delivery of any of the Bonds, or the application of the proceeds thereof, or the payment, collection or application of payments

or other revenues pursuant to the Sale Agreement, the Ordinance or the Guarantee, (ii) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinance, the Sale Agreement, the Guarantee, the Bond Purchase Agreement, the Letter of Indemnity, the application of the proceeds of the Bonds or the payment, collection or application of payments or other revenues pursuant to Sale Agreement, the Ordinance or the Guarantee, or (iii) in any way contesting the right and power of the Port to cause to be constructed the Project as described in the Sale Agreement;

(F) The execution and delivery of the Guarantee and the Letter of Indemnity and the fulfillment of their terms and provisions by the Corporation will not: (i) conflict with, violate or result in a breach of any law or any administrative regulation or court decree applicable to the Guarantor, (ii) conflict with, or result in a breach of, or constitute a default under the Articles of Incorporation or Bylaws of the Guarantor or any indenture, mortgage, deed of trust, agreement or other instrument to which the Guarantor is a party, or by which it is bound, or any order, rule or regulation applicable to the Guarantor of any court or other governmental body, or (iii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Guarantor pursuant to the terms of any such indenture, mortgage, deed of trust or other instrument; and

(viii) such additional certificates, opinions or documents as Messrs. Mudge Rose Guthrie & Alexander shall deem appropriate.

SECTION 3. **Miscellaneous.**

3.1. **Notices.** All notices hereunder shall be deemed to have been given when deposited in the mails or delivered to the telegraph company addressed to any party hereto at its address given herein or at any other address of which it shall have notified the person giving such notice in writing.

3.2. **Term of Agreement.** The term of this Agreement shall be until the payment in full of the Bonds and any other amounts due hereunder.

3.3. **Oregon Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Oregon.

3.4. **Changes, Waivers, etc.** Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated, except by a statement in writing signed by each party against which enforcement of the change, waiver, discharge or termination is sought.

3.5. **Counterparts.** This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument. Complete sets of counterparts shall be lodged with the Port and the Purchasers.

3.6. **Payments of Expenses.** All expenses and costs to effect the authorization, preparation, issuance, delivery and sale of the Bonds (including, without limitation, (i) the reasonable fees and disbursements of Messrs. Mudge Rose Guthrie & Alexander, Bond Counsel, and counsel for the Port, the Corporation and the Guarantor, (ii) the fee of ABD Securities Corporation and EuroPartners Securities Corporation in connection with the sale of the Bonds, and (iii) all other expenses and costs of the Port or the Corporation incident to the performance of their obligations in connection with the authorization, issuance and sale of the Bonds) shall be payable by the Port out of the proceeds of the Bonds.

3.7. **Bonds for Account of Purchasers.** The Purchasers agree and represent to the Port that they are purchasing the Bonds set forth in Schedule A attached hereto for their own investment accounts, and not with a view to the distribution or resale thereof, subject, nevertheless, to the understanding that the ultimate disposition of the Bonds shall be within the control of the Purchasers.

3.8. **Receipt of Documents and Financial Statements.** The purchasers hereby acknowledge receipt and approve the form as attached hereto of the Ordinance, the Sale Agreement and the Guarantee. The Purchasers further acknowledge receipt from the Placement Agents of the following financial information and data concerning the Corporation and the Guarantor:

(i) The 1977 Annual Report of Wacker-Chemie GmbH, Munich, Germany (Wacker-Chemie owns 100% of the Guarantor) in the form attached to the Letter of Indemnity as Exhibit A; and

(ii) Various financial Statements of the Guarantor in the form attached to the Letter of Indemnity as Exhibit B.

THE PORT OF PORTLAND

By _____

FIRST NATIONAL BANK OF OREGON

By _____

COMMERZBANK

By _____

DRESDNER BANK

By _____

SCOEPA00001708

Schedule A

Name of Purchaser	Amount of Bonds
1. First National Bank of Oregon	$ 700,000
2. Commerzbank	$1,365,000
3. Dresdner Bank	$1,365,000

1.7

AGENCY AGREEMENT

The Port of Portland
P.O. Box 3529
Portland, Oregon 97208

Dear Sirs:

The undersigned (hereinafter referred to as the "Placement Agents") hereby agree to use their best efforts to complete, as your agents, the private placement of $3,430,000 aggregate principal amount of the Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) and $1,000,000 Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (collectively, the "Bonds") of The Port of Portland (the "Port") and the Port hereby agrees that the Placement Agents shall act as agents for the Port in the private placement of the Bonds on the terms and subject to the conditions set forth below.

The Bonds shall be issued pursuant to, and shall be as described in, two separate Ordinances of the Port, enacted on March 14, 1979 (separately, the "Ordinance"). In connection with the issuance of the Bonds two separate Installment Sale Agreements, dated as of April 15, 1979 (separately, the "Sale Agreement"), are to be made and entered into by and between the Port, as vendor, and Wacker Siltronic Corporation, as vendee, and two separate Guarantee Agreements, dated as of April 15, 1979 (separately, the "Guarantee") are to be made and entered into by and between Wacker Chemical Corporation (the "Guarantor") and First National Bank of Oregon, Portland, Oregon, as Trustee.

A form of the Bond Purchase Agreement (the "Agreement") has been prepared for use in connection with the private placement and sale of the Bonds. A copy of the Agreement is attached hereto as Exhibit A. The Port hereby approves the use and circulation to prospective investors by the Placement Agents in connection with the private placement and sale of the Bonds of the forms of the Agreement, the Ordinance, the Sale Agreement and the Guarantee.

The closing and delivery of the Bonds shall take place in the offices of Messrs. Mudge Rose Guthrie & Alexander at 10:00 a.m., E.S.T., on or about April 15, 1979 or at such other time and place as may be agreed to by the Port and the purchasers of the Bonds, and shall be subject to the terms and conditions contained in the Agreement.

For placing the Bonds, the Port will pay ABD Securities Corporation and EuroPartners Securities Corporation a placement fee of 1 7/8% of the principal amount of the Bonds, plus out of pocket expenses from the proceeds derived from sale of the Bonds.

If the foregoing is in accordance with your understanding of the agreement among you and Placement Agents, kindly sign and return one of the enclosed duplicates hereof, whereupon it will constitute a binding agreement among the Port and the Placement Agents in accordance with its terms.

Very truly yours,

ABD SECURITIES CORPORATION

By _____

EUROPARTNERS SECURITIES CORPORATION

By _____

Accepted and confirmed as of the the 12th day of April, 1979.

THE PORT OF PORTLAND

By _____

SCOEPA00001712

ANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

3. Maturity date (if any): 4/15/1991

1. Debtor(s) (Last Name First) and address(es)

Port of Portland
P. O. Box 3529
Portland, Oregon 97208

2. Secured Party(ies) and address(es)

First National Bank
of Oregon
P. O. Box 2971
Portland, Oregon 97208

For Filing Officer (Date, Time, Number, and Filing Office)

1.8

E93742

4. This financing statement covers the following types (or items) of property:

All of the right, title and interest of the Debtor in and to the Installment Sale Agreement attached hereto as Exhibit A (Agreement) dated as of April 15, 1979, between the Debtor and Wacker Siltronic Corporation (Wacker) and all amounts payable or which may become payable by Wacker to the Debtor under the Sale Agreement.

5. Assignee(s) of Secured Party and Address(es)

6. This statement is filed without the debtor's signature to perfect a security interest in collateral. (check ☒ if so)

☐ already subject to a security interest in another jurisdiction when it was brought into this state.

☐ which is proceeds of the original collateral described above in which a security interest was perfected:

Filed with:

Secretary of State

7. Check ☒ if covered: ☒ Proceeds of Collateral are also covered. ☐ Products of Collateral are also covered. No. of additional Sheets presented:

8. TERMINATION STATEMENT: This Statement of Termination of Financing is presented to a Filing Officer for filing pursuant to the Uniform Commercial Code. The Secured Party certifies that the Secured Party no longer claims a security interest under the financing statement bearing the file number shown above.

Date _____ 19____

By: _____
(Signature of Secured Party or Assignee of record. Not Valid Until Signed.)

Filing Officer is requested to note file number, date and hour of filing on this copy and return to the person filing, as an acknowledgement.

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

3. Maturity date (if any): 4/15/1991

1. Debtor(s) (Last Name First) and address(es)

Wacker Siltronic Corporation
Suite 1130
200 S.W. Market Street
Portland, Oregon 97201

2. Secured Party(ies) and address(es)

The Port of Portland
P. O. Box 3529
Portland, Oregon 97208

For Filing Officer (Date, Time, Number, and Filing Office)

E93729

1.8

4. This financing statement covers the following types (or items) of property:

Pollution Control Facilities described in Exhibit A attached hereto located at the Debtor's plant located in Portland, Oregon.

5. Assignee(s) of Secured Party and Address(es)

First National Bank
of Oregon
P. O. Box 2971
Portland, Oregon 97208

This statement is filed without the debtor's signature to perfect a security interest in collateral. (check ☒ if so)

☐ already subject to a security interest in another jurisdiction when it was brought into this state.

☐ which is proceeds of the original collateral described above in which a security interest was perfected:

Filed with: Oregon Secretary of State ~~County Clerk of Multnomah County~~

Check ☒ if covered: ☒ Proceeds of Collateral are also covered. ☐ Products of Collateral are also covered. No. of additional Sheets presented:

TERMINATION STATEMENT: This Statement of Termination of Financing is presented to a Filing Officer for filing pursuant to the Uniform Commercial Code. The Secured Party certifies that the Secured Party no longer claims a security interest under the financing statement bearing the file number shown above.

Date _____ 19____

By: _____
(Signature of Secured Party or Assignee of record. Not Valid Until Signed.)

Filing Officer is requested to note file number, date and hour of filing on this copy and return to the person filing, as an acknowledgement.

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project will be located at the Corporation's Plant, located in Portland, Oregon, and will consist of the following air and water pollution control facilities:

1. NOx Scrubber and Related Alternate Power Supply System.

2. Trichloroethylene Control System.

3. Dust Separation System.

4. Waste Water Treatment System.

5. Cooling Water Treatment System.

6. Pollution Storage Tanks and Special Foundations.

7. Primary Switch Gear for the NOx Scrubber, Trichloroethylene Control System and Waste Water Treatment Plant.

CERTIFICATE

OF THE PORT OF PORTLAND, OREGON

We, the undersigned President and Assistant Secretary of the Port of Portland, Oregon (the "Port") DO HEREBY CERTIFY as follows:

(1) The following are now, and have continuously been since the dates of beginning of their respective current terms of office shown below, the duly elected, qualified and acting officers and members of the Port, and the dates of the beginning and ending of their respective current terms of office are hereunder correctly designated opposite their names:

Commissioners	Name of Officer	Date of Beginning of Current Term	Date of Ending of Current Term
President	Kenneth Lewis	August 22, 1977	August 21, 1981
Vice President	Joseph M. Edgar	August 22, 1977	August 21, 1981
Secretary	G. Johnny Parks	October 3, 1977	October 2, 1981
Treasurer	Samuel T. Naito	October 3, 1977	October 2, 1981
Commissioner	John C. Caldwell	January 17, 1979	January 9, 1983
Commissioner	Alan Green, Jr.	January 17, 1979	January 9, 1983
Commissioner	Blake Hering	January 17, 1979	January 9, 1983
Commissioner	William E. Love	January 17, 1979	January 9, 1983
Commissioner	Lloyd Babler, Jr.	October 3, 1977	October 2, 1981

(2) A. That we did heretofore cause to be officially executed $3,430,000 aggregate principal amount of The Port of Portland Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "Bonds").

B. That Kenneth Lewis, President of the Board of Commissioners of the Port, has manually executed each of the Bonds and that said Kenneth Lewis was on the date he executed the Bonds and is now the duly chosen, qualified and acting President of the Board of Commissioners of the Port.

C. That we have caused the official seal of the Port to be affixed on each of the Bonds, and attested by the manual signature of Gabriel Vallicelli, Assistant Secretary of the Port, who was on the date he manually signed the Bonds and is now a duly chosen, qualified and acting Assistant Secretary of the Port.

D. That the seal which has been affixed on the Bonds and upon this Certificate is the legally adopted, proper and only official corporate seal of the Port.

E. That Kenneth Lewis, President of the Board of Commissioners of the Port, pursuant to due authorization by Ordinance No. 245 of the Port, enacted on March 14, 1979, executed on behalf of the Port a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated April 15, 1979, between the Port and Commerzbank, Dresdner Bank and First National Bank of Oregon (the "Purchasers").

(3) We further certify that, to the best of our knowledge after reasonable investigation, the representations of the Port in said Bond Purchase Agreement are true and correct, that the Port has complied with all agreements and satisfied all conditions on its part to be performed or

satisfied pursuant to said Bond Purchase Agreement at or prior to the date hereof, that the execution and delivery of the Installment Sale Agreement, the Bond Purchase Agreement, the Ordinance and the Bonds (all as defined in said Bond Purchase Agreement) and the fulfillment of their terms and provisions by the Port, will not conflict with, or constitute on the part of the Port a breach of or default under, any law, administrative regulation, or court decree to which the Port or its officers are parties, or any indenture, mortgage, deed of trust, agreement or other instrument binding on the Port, and that no litigation is pending or, to the knowledge of the undersigned, threatened (A) to restrain or enjoin the issuance or delivery of any of the Bonds, or the application of the proceeds thereof, or the payment, collection or application of purchase price or other revenues or payments pursuant to the Installment Sale Agreement, the Ordinance or the Guarantee (as defined in said Bond Purchase Agreement), (B) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinance, the Installment Sale Agreement, the Guarantee, the Bond Purchase Agreement, the application of the proceeds of the Bonds or the payment, collection or application of the purchase price or other revenues or payments pursuant to the Installment Sale Agreement, the Ordinance or the Guarantee, or (C) in any way contesting the right and power of the Port to cause the Project as defined in the Ordinance to be constructed, reconstructed or acquired.

(4) We further certify that the Bond Purchase Agreement as executed and delivered by the Port on April 15, 1979 has not been revoked or amended.

WITNESS our hands and said seal this 26th day of April, 1979.

(SEAL)

Signature	Title of Officer
	President
	Assistant Secretary

I hereby certify that the signatures of the officers which appear above are true and genuine and that I know said officers and know them to hold the offices described and in witness whereof I have hereunto set my hand this 26th day of April, 1979.

Thomas F. Huntoon
Name of Signatory

Asst. Vice President
Title

First National Bank of Oregon
Name of Bank

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION AND DELIVERY OF THE BONDS

April 26, 1979

First National Bank
of Oregon
Portland, Oregon

Gentlemen:

We have heretofore handed to you, duly executed, $3,430,000 aggregate principal amount of Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "Bonds") of The Port of Portland (the "Port"), authorized to be issued pursuant to Ordinance No. 245 enacted by the Port on March 14, 1979 (the "Ordinance").

As Trustee under the Ordinance, you have received the documents required by Section 3.02 of the Ordinance to be received by the Trustee as conditions precedent to the delivery of the Bonds.

Pursuant to Section 3.02 of the Ordinance, you are hereby requested and authorized to authenticate the Bonds and to register the same in such names and such authorized denomination or denominations as the purchasers listed in Schedule A attached hereto (the "Purchasers") shall have requested of you in a letter dated not later than April 15, 1979 and when so authenticated and registered, to deliver them to or upon the order of said Purchasers upon payment to you, as Trustee, of the proceeds of the Bonds in the total amount of $3,436,419.34 (representing the purchase price of $3,430,000 plus accrued interest of $6,419.34). You are to deposit $3,430,000 of said proceeds into the Construction Fund and $6,419.34 of said proceeds into the Bond Fund, both said Funds being created by the Ordinance.

(SEAL)

THE PORT OF PORTLAND

By: _____
(Vice) President

_____
Assistant Secretary

CERTIFICATE OF DELIVERY AND PAYMENT

I, GABRIEL VALLICELLI, Assistant Secretary of The Port of Portland (the "Port"), HEREBY CERTIFY that on the date hereof, the Port acknowledges that First National Bank of Oregon, as Trustee (the "Trustee") under Ordinance No. 245 enacted on March 14, 1979 by the Port (the "Ordinance"), has delivered to the purchasers listed in Schedule A attached hereto (the "Purchasers) pursuant to the Bond Purchase Agreement dated April 15, 1979 between the Port and the Purchasers, $3,430,000 aggregate principal amount of the Port's Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project), and that the Trustee has received $3,437,002.93 from the Purchasers as full payment for said Bonds.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Port this 26th day of April, 1979.

G. Vallicelli
Assistant Secretary

(SEAL)

Schedule A

	Name of Purchaser	Amount of Bonds
1.	First National Bank of Oregon	$ 700,000
2.	Commerzbank	$1,365,000
3.	Dresdner Bank	$1,365,000

CERTIFICATE AS TO SPECIMEN BONDS

I, Gabriel Vallicelli, Assistant Secretary of The Port of Portland (the "Port"), HEREBY CERTIFY as follows:

1. Attached hereto as Exhibit A is a specimen of the Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project), of the Port, in registered form, which specimen is identical in all respects, except as to number, authentication signature and name of registered owner or owners with said Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project), in registered form, this day delivered to the purchasers listed in Schedule A attached hereto (the "Purchasers").

2. The said specimen is in the form prescribed by Ordinance No. 245 enacted by the Port on March 14, 1979.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Port this 26th day of April, 1979.

G. Vallicelli
Assistant Secretary

[SEAL]

UNITED STATES OF AMERICA

STATE OF OREGON

THE PORT OF PORTLAND

INDUSTRIAL DEVELOPMENT REVENUE BOND, 1979 SERIES

(WACKER SILTRONIC CORPORATION PROJECT)

No. R-1 $700,000

The Port of Portland (the "Port"), a municipal corporation, created and existing under and by virtue of the laws of the State of Oregon, for value received, hereby promises to pay to First National Bank of Oregon, Portland Oregon, or registered assigns, on the fifteenth day of April, 1991, upon the presentation and surrender hereof, the principal sum of Seven Hundred Thousand Dollars ($700,000) solely from the revenues and receipts of the Port from or in connection with the sale of the Project hereinafter referred to as provided in the Ordinance hereinafter referred to and to pay solely from such revenues and receipts interest on said principal sum from the date hereof, at the rate of six and one-eighth percent (6 1/8%) per annum, until the payment of such principal sum, such interest being payable on the fifteenth days of April and October in each year (commencing October 15, 1979) but only in the case of interest payable at or prior to the maturity of this bond. The principal of and interest on this bond are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, at the principal corporate trust office of First National Bank of Oregon, the Trustee hereinafter mentioned, or at the office designated for such payment of any successor thereof. The interest on this bond, when due and payable, shall be paid to the registered owner hereof by check or draft mailed to such person at his address last appearing on the Bond Register.

This bond is one of a duly authorized issue of bonds of the Port designated as "Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)" (the "1979 Bonds"), issued in the aggregate principal amount of $3,430,000 under and pursuant to the Constitution and Laws of the State of Oregon, particularly Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended (collectively the "Act"), and under and secured by Ordinance No. 245 enacted by the Port on March 14, 1979 (the "Ordinance"). The 1979 Bonds are issued for the purpose of financing a portion of the cost of acquisition, construction and installation of certain facilities for the control, abatement or prevention of water and air pollution at the silicon wafer manufacturing facility (the "Plant") of Wacker Siltronic Corporation (the "Corporation") located in Portland, Oregon to be sold to the Corporation under and pursuant to an Installment Sale Agreement between the Port and the Corporation dated as of April 15, 1979 (hereinafter, together with any amendments thereof, called the "Sale Agreement"). Payment of principal of and interest on the 1979 Bonds has been unconditionally guaranteed by Wacker Chemical Corporation (the "Guarantor") pursuant to a Guarantee Agreement, dated as of April 15, 1979 (the "Guarantee"), entered into between the Guarantor and the Trustee for the benefit of the holders and owners of the 1979 Bonds and the coupons appertaining thereto. As provided in the Ordinance, additional bonds may be issued in one or more series for the purpose of financing the cost of completion of said facilities, the cost of enlargements, improvements or expansions of said facilities, and the cost of acquisition and installation of additional facilities for the control, abatement or prevention of water and air pollution at the Plant (such facilities, together with

any enlargements, improvements or expansions thereof, and any such additional facilities herein collectively called the "Project").

Copies of the Ordinance, the Sale Agreement and the Guarantee are on file at the principal corporate trust office of First National Bank of Oregon, as Trustee (the "Trustee") and reference is made to the Ordinance (and all ordinances and resolutions supplementary thereto and amendatory thereof), the Sale Agreement and the Guarantee for the provisions relating, among other things, to the terms and security of the 1979 Bonds, the collection and disposition of the revenues and receipts of the Port from or in connection with the sale of the Project, the custody and application of the proceeds of the 1979 Bonds, the rights and remedies of the holders of the 1979 Bonds, the rights, duties and obligations of the Port, the Corporation and the Trustee, and the modification or amendment of any of the foregoing documents.

This bond and any additional bonds issued under and secured by the Ordinance are and will be equally and ratably secured, to the extent provided in the Ordinance, solely by a pledge of the revenues and receipts derived by the Port from or in connection with the sale of the Project, including payments received under the Sale Agreement and the Guarantee. The holder of this bond shall not have the right to compel any exercise of the taxing power of the Port to pay this bond or the interest hereon. This bond shall not in any manner or to any extent be a general obligation of the Port nor a charge upon the tax revenues of the Port nor a charge upon any other revenues or property of the Port not specifically pledged thereto by the Ordinance.

The 1979 Bonds are issuable in the form of coupon bonds registrable as to principal, in the denomination of $5,000 and in the form of registered bonds without coupons in the denominations of $5,000 or any integral multiple of $5,000. The holder of any coupon 1979 Bond or Bonds may surrender the same, with all unmatured and any matured coupons in default attached, at the above mentioned office of the Trustee, in exchange for an equal aggregate principal amount of registered 1979 Bond or Bonds without coupons, of the same maturity, of any of the authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Ordinance. In like manner, subject to such conditions and upon the payment of such charges, the owner of any registered 1979 Bond or Bonds without coupons may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon 1979 Bonds of the same maturity, with all unmatured coupons and any matured coupons in default attached, or of registered 1979 Bonds without coupons, of the same maturity and of any other authorized denominations.

The transfer of this bond is registrable, as provided in the Ordinance, upon the Bond Register kept for that purpose at the above mentioned office of the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds, without coupons, of the same series and maturity and in the same aggregate principal amounts, shall be issued to the transferee in exchange herefor as provided in the Ordinance, and upon payment of the charges therein prescibed. The Port and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner herof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 1979 Bonds are subject to mandatory redemption at a price equal to 100% of the principal amount thereof plus accrued interest to the redemption date on April 15 in each year of the years 1985 to 1991, inclusive, in accordance with the sinking fund provisions of Section 6.03 of the Ordinance, in part (by lot) in the manner provided in Article VIII of the Ordinance.

The 1979 Bonds shall be subject to redemption prior to maturity, in whole or in part, on any interest payment date, in integral multiples of $5,000, without redemption premium or prepayment penalty. If the redemption is in part, the particular 1979 Bonds to be redeemed shall be selected (by lot) by the Trustee. Such redemption shall be at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

The 1979 Bonds shall be subject to mandatory redemption in whole on any date within 180 days after receipt by the Trustee of notice of

(i) the issuance of a published or private ruling of the Internal Revenue Service in which the Corporation has participated to the degree it deems sufficient and which ruling the Corporation, in its discretion, does not contest by an appropriate proceeding directly or through a bondholder,

(ii) a final determination by any court of competent jurisdiction in the United States in a proceeding to which the Corporation is a party, or

(iii) enactment of any amendment to the Internal Revenue Code of 1954, as amended, or the promulgation of or amendment to Treasury Department Regulations, or any other change in present law,

to the effect that the interest payable on the 1979 Bonds is includable in the gross income for Federal income tax purposes of the holders thereof (other than a "substantial user" of the Project or a "related person" as provided in Section 103(b)(8) of the Internal Revenue Code of 1954, as amended), provided, however, that the Corporation may, at its option, not be obligated to redeem the 1979 Bonds as provided herein if interest payable on the 1979 Bonds is includable for Federal income tax purposes in the gross income of the holders thereof (other than a "substantial user" of the Project or a "related person") due to the occurrance of an event in (iii) above and the Corporation upon written notification to the holders of the 1979 Bonds within thirty days of receipt of notice from the Trustee of its mandatory redemption obligation hereunder, agrees (a) to pay interest on the outstanding principal amount of the 1979 Bonds in an amount equal to 11.34% from the date on which interest on the 1979 Bonds was included in such holders' gross income to the maturity date (as defined below) of the 1979 Bonds, minus the amount of interest actually paid on the 1979 Bonds from the date of the inclusion of interest in the gross income of the holder and (b) that the maturity date of the 1979 Series Bonds shall be changed to April 15, 1989 and all outstanding principal on the 1979 Series Bonds plus unpaid interest accrued to such maturity date shall be payable on such maturity date. The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date in a manner as provided in the Ordinance.

The 1979 Bonds shall also be subject to mandatory redemption in whole on the next applicable interest payment date, after receipt by the Trustee of notice from the Corporation to the effect that a majority of the holders of the 1979 Bonds then Outstanding have elected on behalf of all of said Bondholders to require the redemption of the 1979 Bonds based upon both of the conditions in either of subparagraphs (a) or (b) below existing or the condition in subparagraph (c) below existing.

(a) Wacker Chemie GmbH ("Chemie"), a German corporation, shall own directly or indirectly less than 100% but more than 75% of the voting stock of the Corporation and the Corporation shall have a net worth, as determined in accordance with generally accepted accounting principles ("Net Worth") of less than $6,000,000; or

SCOEPA00001731

(b) Chemie shall own directly or indirectly less than 75% but more than 51% of the voting stock of the Corporation and the Corporation shall have a Net Worth of less than $10,000,000; or

(c) Chemie shall own directly or indirectly less than 51% of the voting stock of the Corporation.

The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date.

If less than all the 1979 Bonds of one maturity shall be called for redemption, the particular 1979 Bonds of such maturity to be redeemed shall be selected by lot by the Trustee or in such other manner as the Trustee in its discretion may deem proper. Any such redemption, either in whole or in part, shall be made upon at least thirty (30) days' and no more than sixty (60) days' prior notice in the manner and upon the terms and conditions provided in the Ordinance. If this bond or any portion hereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for, all as more fully set forth in the Ordinance, interest on this bond or such portion shall cease to accrue from such date, and from and after such date this bond or such portion shall no longer be entitled to any lien, benefit, or security under the Ordinance, and the holder hereof shall have no rights in respect of this bond or such portion except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

This bond shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the manual signature of a duly authorized officer of the Trustee's certificate of authentication hereon.

No covenant or agreement contained in this bond or the Ordinance shall be deemed to be a covenant or agreement of any member or employee of the Port in his individual capacity, and neither the members of the Port nor any officer thereof executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

To the extent permitted by and as provided in the Ordinance, modifications or alterations of the Ordinance, or of any ordinance supplemental thereto, and of the rights and obligations of the Port and of the holders of the bonds and coupons in any particular may be made with the consent of the Corporation and (a) the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds then outstanding under the Ordinance, and (b) in case less than all of the several series of bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds of each series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms not take effect so long as any bonds of any specified series remain outstanding, the consent of the holders of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding bonds under the Ordinance; provided, further, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of bonds the consent of the holders of which is required for any such modification or alteration, or permit the creation by the Port of any lien prior to, or, except to secure additional bonds, on a parity with, the lien of the Ordinance upon the receipts and revenues of the Port from or in connection with the sale of the Project or which will affect the times, amounts and currency of payment of the principal of and the interest on said bonds. Any such consent by the holder of this bond shall be conclusive and binding upon such holder and all future holders and

owners of this bond irrespective of whether or not any notation of such consent is made upon this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this bond exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of Oregon.

IN WITNESS WHEREOF, the Port has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its President and its seal or a facsimile thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the manual or facsimile signature of its (Assistant) Secretary, as of the 15th day of April, 1979.

THE PORT OF PORTLAND

By_____
President

[SEAL]

ATTEST:

_____
[Assistant] Secretary

SPECIMEN

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) described in the within mentioned Ordinance.

FIRST NATIONAL BANK OF OREGON,
Trustee

By_____

SCOEPA00001733

UNITED STATES OF AMERICA

STATE OF OREGON

THE PORT OF PORTLAND

INDUSTRIAL DEVELOPMENT REVENUE BOND, 1979 SERIES

(WACKER SILTRONIC CORPORATION PROJECT)

No. R-1 $700,000

The Port of Portland (the "Port"), a municipal corporation, created and existing under and by virtue of the laws of the State of Oregon, for value received, hereby promises to pay to First National Bank of Oregon, Portland Oregon, or registered assigns, on the fifteenth day of April, 1991, upon the presentation and surrender hereof, the principal sum of Seven Hundred Thousand Dollars ($700,000) solely from the revenues and receipts of the Port from or in connection with the sale of the Project hereinafter referred to as provided in the Ordinance hereinafter referred to and to pay solely from such revenues and receipts interest on said principal sum from the date hereof, at the rate of six and one-eighth percent (6 1/8%) per annum, until the payment of such principal sum, such interest being payable on the fifteenth days of April and October in each year (commencing October 15, 1979) but only in the case of interest payable at or prior to the maturity of this bond. The principal of and interest on this bond are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, at the principal corporate trust office of First National Bank of Oregon, the Trustee hereinafter mentioned, or at the office designated for such payment of any successor thereof. The interest on this bond, when due and payable, shall be paid to the registered owner hereof by check or draft mailed to such person at his address last appearing on the Bond Register.

This bond is one of a duly authorized issue of bonds of the Port designated as "Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)" (the "1979 Bonds"), issued in the aggregate principal amount of $3,430,000 under and pursuant to the Constitution and Laws of the State of Oregon, particularly Chapter 777 and Chapter 778 of the Oregon Revised Statutes, both as amended (collectively the "Act"), and under and secured by Ordinance No. 245 enacted by the Port on March 14, 1979 (the "Ordinance"). The 1979 Bonds are issued for the purpose of financing a portion of the cost of acquisition, construction and installation of certain facilities for the control, abatement or prevention of water and air pollution at the silicon wafer manufacturing facility (the "Plant") of Wacker Siltronic Corporation (the "Corporation") located in Portland, Oregon to be sold to the Corporation under and pursuant to an Installment Sale Agreement between the Port and the Corporation dated as of April 15, 1979 (hereinafter, together with any amendments thereof, called the "Sale Agreement"). Payment of principal of and interest on the 1979 Bonds has been unconditionally guaranteed by Wacker Chemical Corporation (the "Guarantor") pursuant to a Guarantee Agreement, dated as of April 15, 1979 (the "Guarantee"), entered into between the Guarantor and the Trustee for the benefit of the holders and owners of the 1979 Bonds and the coupons appertaining thereto. As provided in the Ordinance, additional bonds may be issued in one or more series for the purpose of financing the cost of completion of said facilities, the cost of enlargements, improvements or expansions of said facilities, and the cost of acquisition and installation of additional facilities for the control, abatement or prevention of water and air pollution at the Plant (such facilities, together with

y enlargements, improvements or expansions thereof, and any such ditional facilities herein collectively called the "Project").

Copies of the Ordinance, the Sale Agreement and the uarantee are on file at the principal corporate trust office of irst National Bank of Oregon, as Trustee (the "Trustee") and refer- nce is made to the Ordinance (and all ordinances and resolutions upplementary thereto and amendatory thereof), the Sale Agreement and e Guarantee for the provisions relating, among other things, to the erms and security of the 1979 Bonds, the collection and disposition f the revenues and receipts of the Port from or in connection with e sale of the Project, the custody and application of the proceeds f the 1979 Bonds, the rights and remedies of the holders of the 1979 onds, the rights, duties and obligations of the Port, the orporation and the Trustee, and the modification or amendment of any f the foregoing documents.

This bond and any additional bonds issued under and secured y the Ordinance are and will be equally and ratably secured, to the xtent provided in the Ordinance, solely by a pledge of the revenues nd receipts derived by the Port from or in connection with the sale f the Project, including payments received under the Sale Agreement nd the Guarantee. The holder of this bond shall not have the right to compel any exercise of the taxing power of the Port to pay this ond or the interest hereon. This bond shall not in any manner or to ny extent be a general obligation of the Port nor a charge upon the tax revenues of the Port nor a charge upon any other revenues or roperty of the Port not specifically pledged thereto by the Ordinance.

The 1979 Bonds are issuable in the form of coupon bonds registrable as to principal, in the denomination of $5,000 and in the form of registered bonds without coupons in the denominations of $5,000 or any integral multiple of $5,000. The holder of any coupon 1979 Bond or Bonds may surrender the same, with all unmatured and any matured coupons in default attached, at the above mentioned office of the Trustee, in exchange for an equal aggregate principal amount of registered 1979 Bond or Bonds without coupons, of the same maturity, of any of the authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Ordinance. In like manner, subject to such conditions and upon the payment of such charges, the owner of any registered 1979 Bond or Bonds without coupons may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon 1979 Bonds of the same maturity, with all unmatured coupons and any matured coupons in default attached, or of registered 1979 Bonds without coupons, of the same maturity and of any other authorized denominations.

The transfer of this bond is registrable, as provided in the Ordinance, upon the Bond Register kept for that purpose at the above mentioned office of the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds, without coupons, of the same series and maturity and in the same aggregate principal amounts, shall be issued to the transferee in exchange herefor as provided in the Ordinance, and upon payment of the charges therein prescibed. The Port and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner herof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 1979 Bonds are subject to mandatory redemption at a price equal to 100% of the principal amount thereof plus accrued interest to the redemption date on April 15 in each year of the years 1985 to 1991, inclusive, in accordance with the sinking fund provisions of Section 6.03 of the Ordinance, in part (by lot) in the manner provided in Article VIII of the Ordinance.

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The 1979 Bonds shall be subject to redemption prior to maturity, in whole or in part, on any interest payment date, in integral multiples of $5,000, without redemption premium or prepayment penalty. If the redemption is in part, the particular 1979 Bonds to be redeemed shall be selected (by lot) by the Trustee. Such redemption shall be at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

The 1979 Bonds shall be subject to mandatory redemption in whole on any date within 180 days after receipt by the Trustee of notice of

(i) the issuance of a published or private ruling of the Internal Revenue Service in which the Corporation has participated to the degree it deems sufficient and which ruling the Corporation, in its discretion, does not contest by an appropriate proceeding directly or through a bondholder,

(ii) a final determination by any court of competent jurisdiction in the United States in a proceeding to which the Corporation is a party, or

(iii) enactment of any amendment to the Internal Revenue Code of 1954, as amended, or the promulgation of or amendment to Treasury Department Regulations, or any other change in present law,

to the effect that the interest payable on the 1979 Bonds is includable in the gross income for Federal income tax purposes of the holders thereof (other than a "substantial user" of the Project or a "related person" as provided in Section 103(b)(8) of the Internal Revenue Code of 1954, as amended), provided, however, that the Corporation may, at its option, not be obligated to redeem the 1979 Bonds as provided herein if interest payable on the 1979 Bonds is includable for Federal income tax purposes in the gross income of the holders thereof (other than a "substantial user" of the Project or a "related person") due to the occurrance of an event in (iii) above and the Corporation upon written notification to the holders of the 1979 Bonds within thirty days of receipt of notice from the Trustee of its mandatory redemption obligation hereunder, agrees (a) to pay interest on the outstanding principal amount of the 1979 Bonds in an amount equal to 11.34% from the date on which interest on the 1979 Bonds was included in such holders' gross income to the maturity date (as defined below) of the 1979 Bonds, minus the amount of interest actually paid on the 1979 Bonds from the date of the inclusion of interest in the gross income of the holder and (b) that the maturity date of the 1979 Series Bonds shall be changed to April 15, 1989 and all outstanding principal on the 1979 Series Bonds plus unpaid interest accrued to such maturity date shall be payable on such maturity date. The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date in a manner as provided in the Ordinance.

The 1979 Bonds shall also be subject to mandatory redemption in whole on the next applicable interest payment date, after receipt by the Trustee of notice from the Corporation to the effect that a majority of the holders of the 1979 Bonds then Outstanding have elected on behalf of all of said Bondholders to require the redemption of the 1979 Bonds based upon both of the conditions in either of subparagraphs (a) or (b) below existing or the condition in subparagraph (c) below existing.

(a) Wacker Chemie GmbH ("Chemie"), a German corporation, shall own directly or indirectly less than 100% but more than 75% of the voting stock of the Corporation and the Corporation shall have a net worth, as determined in accordance with generally accepted accounting principles ("Net Worth") of less than $6,000,000; or

(b) Chemie shall own directly or indirectly less than 75% but more than 51% of the voting stock of the Corporation and the Corporation shall have a Net Worth of less than $10,000,000; or

(c) Chemie shall own directly or indirectly less than 51% of the voting stock of the Corporation.

The 1979 Bonds so redeemed shall be redeemed at a redemption price equal to the principal amount thereof plus unpaid interest accrued to the redemption date.

If less than all the 1979 Bonds of one maturity shall be called for redemption, the particular 1979 Bonds of such maturity to be redeemed shall be selected by lot by the Trustee or in such other manner as the Trustee in its discretion may deem proper. Any such redemption, either in whole or in part, shall be made upon at least thirty (30) days' and no more than sixty (60) days' prior notice in the manner and upon the terms and conditions provided in the Ordinance. If this bond or any portion hereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for, all as more fully set forth in the Ordinance, interest on this bond or such portion shall cease to accrue from such date, and from and after such date this bond or such portion shall no longer be entitled to any lien, benefit, or security under the Ordinance, and the holder hereof shall have no rights in respect of this bond or such portion except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

This bond shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the manual signature of a duly authorized officer of the Trustee's certificate of authentication hereon.

No covenant or agreement contained in this bond or the Ordinance shall be deemed to be a covenant or agreement of any member or employee of the Port in his individual capacity, and neither the members of the Port nor any officer thereof executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

To the extent permitted by and as provided in the Ordinance, modifications or alterations of the Ordinance, or of any ordinance supplemental thereto, and of the rights and obligations of the Port and of the holders of the bonds and coupons in any particular may be made with the consent of the Corporation and (a) the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds then outstanding under the Ordinance, and (b) in case less than all of the several series of bonds then outstanding are affected by the modifications or amendments, the holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the bonds of each series so affected then outstanding; provided, however, that if such modification or amendment will, by its terms not take effect so long as any bonds of any specified series remain outstanding, the consent of the holders of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding bonds under the Ordinance; provided, further, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of bonds the consent of the holders of which is required for any such modification or alteration, or permit the creation by the Port of any lien prior to, or, except to secure additional bonds, on a parity with, the lien of the Ordinance upon the receipts and revenues of the Port from or in connection with the sale of the Project or which will affect the times, amounts and currency of payment of the principal of and the interest on said bonds. Any such consent by the holder of this bond shall be conclusive and binding upon such holder and all future holders and

owners of this bond irrespective of whether or not any notation of such consent is made upon this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this bond exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of Oregon.

IN WITNESS WHEREOF, the Port has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its President and its seal or a facsimile thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the manual or facsimile signature of its (Assistant) Secretary, as of the 15th day of April, 1979.

THE PORT OF PORTLAND

By_____
President

[SEAL]

ATTEST:

_____
[Assistant] Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) described in the within mentioned Ordinance.

SPECIMEN

FIRST NATIONAL BANK OF OREGON,
Trustee

By_____

SCOEPA00001738

PORT OF PORTLAND

CERTIFICATE AS TO ARBITRAGE

I, the undersigned, being the person duly charged, with others, with responsibility for issuing the Port's $3,340,000 Port of Portland Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "1979 Series Bonds"), dated April 15, 1979 and being issued this day, HEREBY CERTIFY that:

(1) On the basis of the facts, estimates and circumstances in existence on the date hereof I reasonably expect the following with respect to the 1979 Series Bonds and the use of the proceeds of the 1979 Series Bonds:

(a) The amount received by the Port from the sale of the 1979 Series Bonds will be used to permanently finance the costs of acquiring, constructing, installing and equipping the pollution control facilities described in Exhibit A attached hereto and made a part hereof (the said facilities being herein together called "the Project Facilities"). Upon the completion of acquisition, construction, installation and equipment, the Project Facilities will be sold by the Port on an installment basis to the Wacker Siltronic Corporation (the "Corporation"), pursuant to an Installment Sale Agreement (the "Agreement"), dated as of April 15, 1979, between the Port and the Corporation pursuant to which only amounts necessary to pay debt service on the 1979 Bonds and

Administrative Expenses will be paid. Capitalized terms used herein, but not otherwise specifically defined herein, shall have the same meanings given to such terms in the Agreement.

(b) The face amount of the 1979 Series Bonds will be $3,340,000. An amount equal to accrued interest on the 1979 Series Bonds from April 15, 1979 to the date hereof and received from the initial purchasers of the 1979 Series Bonds will be deposited in the Bond Fund and applied to pay a portion of interest maturing on the 1979 Series Bonds on October 15, 1979. Of the remaining $3,340,000 received from the sale of the 1979 Series Bonds, not less than $110,000 will be used to pay expenses, including ~~underwriter's~~ placement agent's compensation, incurred in connection with the issuance thereof.

(c) The net amount received as a result of the sale of the 1979 Series Bonds after payment of the amount referred to in (b) above will not be more than $3,230,000. The financeable cost of the Project is estimated to be at least $3,230,000. Thus, all of the proceeds received by the Port from the sale of the 1979 Series Bonds are expected to be needed to pay the costs of issuance thereof and pay the costs of constructing, acquiring and installing the Project Facilities.

(d) Binding contracts or commitments obligating the expenditure, for the work of acquiring, constructing,

binding contracts or commitments were for construction materials and services.

(e) Work on the Project will proceed with due diligence until completion thereof.

(f) It is expected that the work of acquiring, constructing, installing and equipping the Project will be completed by July, 1980. Thus, it is expected that the entire amount of the proceeds received by the Port from the sale of the 1979 Series Bonds, and investment proceeds thereon, will be expended on the acquisition, construction, installation and financing of the Project by such date.

(2) The facts and estimates in subparagraphs (a) and (c) through (f) of paragraph (1) are based on representations made by the Corporation. The Port is not aware of any facts or circumstances that would cause it to question the accuracy of the representations made by the Corporation.

(3) The only expected sources for payment of debt service on the 1979 Series Bonds are amounts held in the Bond Fund. Except for original proceeds of the 1979 Series Bonds and investment income thereon, any amounts deposited in the Bond Fund will be spent within a 13-month period beginning on the date of deposit and any amounts received from investment of such amounts will be spent within a one-year period beginning on the date of receipt.

(4) The Port has not received notice that its Certificate may not be relied upon with respect to its own issues nor has it been

advised that any adverse action by the Commissioner of Internal Revenue is contemplated.

To the best of my knowledge and belief the expectations of the Corporation set forth in this letter are reasonable and there are no facts, estimates or circumstances other than those expressed herein that would materially affect the expectations herein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of April, 1979.

PORT OF PORTLAND, OREGON

By: G. Vellicell

EXHIBIT A

Project Facilities

1. Nox Scrubber Facility
2. Trichloroethylene Control System Facility
3. Dust Separation Facility
4. Waste Water Treatment Facility
5. Cooling Water Treatment System Facility
6. Storage Tank Facility

WACKER SILTRONIC CORPORATION
200 S.W. MARKET STREET SUITE 1130
PORTLAND, OREGON 97201

April 26, 1979

Board of Commissioners of the
Port of Portland, Oregon

$3,340,000
Port of Portland Pollution Control
Revenue Bonds,
1979 Series (Wacker Siltronic Corporation Project)

Gentlemen:

In connection with the issuance and sale by the Port of Portland, Oregon (the "Port") of $3,340,000 aggregate principal amount of the Port's Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "1979 Series Bonds"), I hereby certify on behalf of Wacker Siltronic Corporation (the "Corporation"), that:

(1) On the basis of the facts, estimates and circumstances in existence on the date hereof I reasonably expect the following with respect to the 1979 Series Bonds and the use of the proceeds of the 1979 Series Bonds:

(a) The amount received by the Port from the sale of the 1979 Series Bonds will be used to permanently finance the costs of acquiring, constructing, installing and equipping the pollution control facilities described in

Exhibit A attached hereto and made a part hereof (the said facilities being herein together called "the Project Facilities"). Upon the completion of acquisition, construction, installation and equipment, the Project Facilities will be sold by the Port on an installment basis to the Corporation, pursuant to an Installment Sale Agreement (the "Agreement"), dated as of April 15, 1979, between the Port and the Corporation. Capitalized terms used herein, but not otherwise specifically defined herein, shall have the same meanings given to such terms in the Agreement.

(b) The face amount of the 1979 Series Bonds will be $3,340,000. An amount equal to accrued interest on the 1979 Series Bonds from April 15, 1979 to the date hereof and received from the initial purchasers of the 1979 Series Bonds will be deposited in the Bond Fund and applied to pay a portion of interest maturing on the 1979 Series Bonds on October 15, 1979. Of the remaining $3,340,000 received from the sale of the 1979 Series Bonds, not less than $110,000 will be used to pay expenses, including underwriter's compensation, incurred in connection with the issuance thereof.

(c) The net amount received as a result of the sale of the 1979 Series Bonds after payment of the amount referred to in (b) above will not be more than $3,230,000. The financeable cost of the Project is estimated to be at

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least $3,230,000. Thus, all of the proceeds received by the Port from the sale of the 1979 Series Bonds are expected to be needed to pay the costs of issuance thereof and pay the costs of constructing, acquiring and installing the Project Facilities.

(d) Binding contracts or commitments obligating the expenditure, for the work of acquiring, constructing, installing and equipping the Nox Scrubber Facility, of not less than $9,500 have heretofore been entered into or made. These binding contracts or commitments were for construction materials and services.

(e) Binding contracts or commitments obligating the expenditure, for the work of acquiring, constructing, installing and equipping the Trichloroethylene Control System Facility of not less than $25,000 have heretofore been entered into or made. These binding contracts or commitments were for construction materials and services.

(f) Binding contracts or commitments obligating the expenditure, for the work of acquiring, constructing, installing and equipping the Dust Separation Facility, of not less than $500 have heretofore been entered into or made. These binding contracts or commitments were for construction materials and services.

(g) Binding contracts or commitments obligating the expenditure, for the work of acquiring, constructing, installing and equipping the Waste Water Treatment

SCOEPA00001747

Facility, of not less than $40,500 have heretofore been entered into or made. These binding contracts or commitments were for construction materials and services.

(h) Binding contracts or commitments obligating the expenditure, for the work of acquiring, construcing, installing and equipping the Cooling Water Treatment System Facility, of not less than $12,000 have heretofore been entered into or made. These binding contracts or commitments were for construction materials and services.

(i) Binding contracts or commitments obligating the expenditure, for the work of acquiring, construcing, installing and equipping the Storage Tank Facility, of not less than $3,500 have heretofore been entered into or made. These binding contracts or commitments were for construction materials and services.

(j) Work on each of the Project Facilities will proceed with due diligence until completion thereof.

(k) It is expected that the work of acquiring, constructing, installing and equipping each of the Project Facilities will be completed by December, 1980. Thus, it is expected that the entire amount of the proceeds received by the Port from the sale of the 1979 Series Bonds, and investment proceeds thereon, will be expended on the acquisition, construction, installation and financing of the Project Facilities by such date.

SCOEPA00001748

(1) The only expected sources for payment of debt service on the 1979 Series Bonds are amounts held in the Bond Fund. Except for original proceeds of the 1979 Series Bonds and investment income thereon, any amounts deposited in the Bond Fund will be spent within a 13-month period beginning on the date of deposit and any amounts received from investment of such amounts will be spent within a one-year period beginning on the date of receipt.

To the best of my knowledge and belief the expectations of the Corporation set forth in this letter are reasonable and there are no facts, estimates or circumstances other than those expressed herein that would materially affect the expectations herein expressed.

Very truly yours,

WACKER SILTRONIC CORPORATION

By: _____
Vice President

EXHIBIT A

Project Facilities

1. Nox Scrubber Facility
2. Trichloroethylene Control System Facility
3. Dust Separation Facility
4. Waste Water Treatment Facility
5. Cooling Water Treatment System Facility
6. Storage Tank Facility

CERTIFICATE AS TO BILL OF SALE

I, Gabriel Vallicelli, Assistant Secretary of The Port of Portland, Oregon (the "Port"), do hereby certify that, pursuant to the provisions of Section 4.01 of the Installment Sale Agreement between the Port and Wacker Siltronic Corporation, dated as of April 15, 1979, there is attached hereto as Exhibit A a true and correct copy of the undated Bill of Sale from The Port of Portland to Wacker Siltronic Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Port this 26th day of April, 1979.

G. Vallicelli

Assistant Secretary

(SEAL)

Exhibit A

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

THAT THE PORT OF PORTLAND, a municipal corporation created and existing under and by virtue of the laws of the State of Oregon (the "Port") in consideration of TEN DOLLARS ($10.00) and other good and valuable consideration, receipt whereof is hereby acknowledged, does hereby convey, grant, sell, transfer and deliver unto Wacker Siltronic Corporation ("Wacker") all its right, title and interest in and to the pollution control facilities constituting the Project (as defined in the Installment Sale Agreement dated as of April 15, 1979, between the Port and Wacker).

TO HAVE AND TO HOLD the Project unto Wacker, its successors and assigns forever.

The Port hereby covenants with Wacker that the Project hereby conveyed is free from all encumbrances, except for Permitted Encumbrances as defined in Article I of said Installment Sale Agreement, existing at the date of acquisition by The Port of the Project and except for liens, charges and encumbrances, if any, permitted by said Installment Sale Agreement, and that it has good right

to sell the same as aforesaid.

IN WITNESS WHEREOF, the Port has caused this instrument to be duly executed as of the _____ day of _____, ____.

By_____
President

[SEAL]

ATTEST:

_____
Assistant Secretary

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MUDGE ROSE GUTHRIE & ALEXANDER

20 BROAD STREET

NEW YORK, N.Y. 10005

212-422-6767

MILTON C. ROSE
COUNSEL

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...M. ALEXANDER
...E F. ANDEREGG, JR
...S ANSNES
...W. ASHER
...R E. BREEN
...LIAM N. CANNON
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...J. CARROLL
...EPH J. CLAYTON
...EPH C. DALEY
...DERICK M. DANZIGER
...TIN J. DOCKERY
...MAS W. EVANS
...HARD B. FARROW
...BERT E. FERDON
...ES G. FRANGOS
...HARD GARMENT
...ERT GILLIS
...BERT J. GILLISPIE
...DOLPH H. GUTHRIE
...N P. HEDERMAN
...G. HEROLD, JR.
...THEW G. HISCOCK
...M W. HISCOCK
...N J. KIRBY, JR.
...LIAM J. KRAMER
...LIAM B. LANDIS
...NKLIN B. LINCOLN, JR.
...F. LYON, JR.
...LIAM A. MADISON
...THUR J. MAHON
...NCIS X. MALONEY
...ES P. MARLIN
...ORGE J. MARTIN, JR.
...ROGER MENTZ
...HARD H. NICHOLLS
...OUGLAS M. PARKER
...RMAN M. SEGAL
...RENCE V. SENN, JR.
...RY G. SILLECK, JR.
...RY ROOT STERN, JR.
...NOLD H. TRACY
...VID A. VAUGHAN
...LIAM N. WALKER
...NALD J. ZOELLER

April 26, 1979

Board of Commissioners
of The Port of Portland
Portland, Oregon

Gentlemen:

We have examined proceedings and proofs relating to the issuance by The Port of Portland (the "Port"), a municipal corporation of the State of Oregon, of $3,430,000 aggregate principal amount of its Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "Bonds").

The Bonds are issued under and pursuant to the Constitution and laws of the State of Oregon, particularly Chapters 777 and 778 of the Oregon Revised Statutes (the "Act"), and under and pursuant to an ordinance enacted on March 14, 1979 (the "Ordinance").

The Bonds will mature on April 15, 1991 and bear interest at the rate of 6 1/8% per annum.

The Bonds are dated and shall bear interest from April 15, 1979, except as otherwise provided in the Ordinance with respect to registered Bonds without coupons. Interest on the Bonds is payable semi-annually on April 15 and October 15 of each year commencing October 15, 1979. The Bonds are subject to redemption prior to their maturity in the manner and upon the terms and conditions set forth in the Ordinance. The Bonds are issuable in the form of coupon Bonds in the denomination of $5,000, or in fully registered form without coupons in the denomination of $5,000 or any multiple thereof.

SCOEPA00001756

We have also examined one of the Bonds as executed and authenticated (Bond No. R-1).

We have also examined a certified copy of the Ordinance, an executed copy of a Guarantee Agreement, dated as of April 15, 1979 (the "Guarantee Agreement"), made and entered into by and between Wacker Chemical Corporation (the "Guarantor") and First National Bank of Oregon, Portland, Oregon (the "Trustee"), whereby the Guarantor has guaranteed to the Trustee the payment of the principal of, redemption premium, if any, and interest on the Bonds and an executed copy of an Installment Sale Agreement, dated as of April 15, 1979 (the "Sale Agreement"), made and entered into by and between the Port and Wacker Siltronic Corporation (the "Corporation"), providing for the acquisition, construction and installation by the Port and sale thereof to the Corporation of certain pollution control facilities.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds in accordance with the Constitution and laws of the State of Oregon, including the Act, and that the Bonds are legal, valid and binding obligations of the Port in accordance with their terms and the terms of the Ordinance (except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights) and are entitled to the benefits of the Ordinance and the Act and are payable solely from and secured by a pledge of the proceeds of the Bonds and the revenues derived from payments pursuant to the Sale Agreement and the Guarantee Agreement.

We are further of the opinion that the Sale Agreement and the Guarantee Agreement have been duly authorized, executed and delivered by the parties thereto and constitute valid and binding obligations of the parties thereto, in accordance with their terms (except insofar as the enforcement of the Sale Agreement and the Guarantee Agreement may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights).

With respect to the due authorization, execution and delivery of the Sale Agreement and the Guarantee Agreement by the Corporation and the Guarantor, respectively, we have relied upon the opinion of Walter, Conston, Schurtman & Gumpel, Counsel to the Corporation and the Guarantor, dated as of the date hereof.

SCOEPA00001757

With respect to the recording, registration or filing of any instrument necessary to perfect and preserve the rights created thereunder as against third parties or required for the validity and enforceability thereof, including Uniform Commercial Code financing statements, we have relied upon the opinion of Wood, Tatum, Mosser, Brooke & Holden, Counsel to the Port, dated the date hereof.

We are further of the opinion that the interest on the Bonds is exempt from all present Federal income taxes and Oregon personal income taxes under existing statutes, court decisions, regulations and rulings except with respect to any Bond for any period during which such Bond is held by a person who is a "substantial user" of the facilities being financed with the proceeds of the Bonds or a "related person" within the meaning of Section 103(b)(8) of the Internal Revenue Code of 1954, as amended.

Respectfully yours,

Mudge Rose Guthrie & Alexander

SCOEPA00001758

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LAW OFFICES
WOOD, TATUM, MOSSER, BROOKE & HOLDEN

ERSKINE WOOD
of Counsel

ERSKINE B. WOOD
LOFTON L. TATUM
JOHN D. MOSSER
JOHN R. BROOKE
JOHN G. HOLDEN
DONALD J. MORGAN
PETER G. VOORHIES
PAUL N. WONACOTT
ROBERT I. SANDERS
JEFFREY E. BOLY
WILLIAM P. BUREN
ALLEN G. McKENZIE

April 26, 1979

1505 STANDARD PLAZA
1100 SOUTHWEST SIXTH AVENUE
PORTLAND, OREGON 97204

TELEPHONE (503) 224-5430
CABLE: LINWOOD
TELEX: 360334

Board of Commissioners
The Port of Portland
P.O. Box 3529
Portland, Oregon 97208

Gentlemen:

We have acted as counsel to The Port of Portland (the "Port"), a municipal corporation of the State of Oregon, in connection with the execution and sale by the Port of $3,430,000 of its Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (the "Bonds"). The Port is authorized by the provisions of the Constitution and statutes of the State of Oregon, and Chapters 777 and 778 of the Oregon Revised Statutes (collectively referred to as the "Act") to, among other things, acquire, construct, install, own and lease air and water pollution control facilities. The bonds are being issued for the purpose of financing a portion of the cost of completing the acquisition, construction and installation of certain pollution control facilities (the "Project") at Wacker Siltronic Corporation (the "Corporation") plant complex in Portland, Oregon.

We have examined, among other things, the following:

(i) All laws, proceedings and documents relating to the organization of the Port, including the act creating the Port, as amended, and the by-laws of the Port;

(ii) The proceedings of the Port enacting on March 14, 1979, Ordinance No. 245 (the "Ordinance") relating to the Bonds authorizing, among other things, the following:

(a) The appointment by the Port of The First National Bank of Oregon, as Trustee (the "Trustee"), under the Ordinance and the acceptance of such appointment by the Trustee;

SCOEPA00001760

(b) The Installment Sale Agreement, dated as of April 15, 1979, between the Port and the Company (the "Sale Agreement");

(c) The Bond Purchase Agreement, dated as of April 15, 1979, between the Port and Commerzbank, Dresdner Bank and The First National Bank of Oregon (the "Purchasers"); and

(d) The Agency Agreement dated as of April 15, 1979, between the Port and ABD Securities Corporation and Europartners Securities Corporation (the "Placement Agents").

(iii) Executed counterparts of the Installment Sale Agreement, the Bond Purchase Agreement and the Agency Agreement and an officially certified copy of the Ordinance.

Based upon the foregoing and upon an examination of such documents and instruments and matters of law as we have deemed necessary to enable us to render this opinion, we are of the opinion that:

1. The Port is a municipal corporation created and existing under and by virtue of the laws of the State of Oregon.

2. The Port has lawful authority to acquire, construct and install the Project and to sell the Project in accordance with the terms of the Sale Agreement.

3. The Ordinance has been duly enacted by the Port, and the Sale Agreement, the Bond Purchase Agreement and the Agency Agreement have been duly authorized, executed and delivered by the Port and each of the foregoing constitutes legal, valid and binding obligations of the Port in accordance with its terms.

4. The Bonds have been duly and validly authorized and issued by the Port, are legal, valid and binding obligations of the Port in accordance with their terms and the terms of the Ordinance and are entitled to the benefits of the Ordinance.

5. The execution and delivery by the Port of the Agency Agreement and the Bond Purchase Agreement and compliance therewith and with the Ordinance and with the Sale Agreement will not in any material respect conflict with or constitute a breach or default under any agreement or other instrument to which the Port is a party or by which it is bound.

6. Neither the execution nor delivery by the Port of the Agency Agreement, the Bond Purchase Agreement, the Ordinance or the Sale Agreement, the consummation by the Port of any transactions therein contemplated nor the fulfillment by the Port of the terms, conditions or provisions thereof conflicts with, violates or results in a breach of any law or court decree or, to the best of our knowledge, any published administrative regulation applicable to the Port.

7. Any recording, registration or filing of the Ordinance, the Sale Agreement, the Guarantee or any other instrument necessary to perfect and preserve the rights created thereunder as against third parties or required for the validity and enforceability thereof, including financing statements under the Uniform Commercial Code, has been made and no re-recording, re-filing or re-registration of any such instruments is required for such purpose at this time.

8. No authorization, approval, consent or other order of any governmental authority or agency other than the Port is required for the valid authorization, execution and delivery of the Sale Agreement, the Bond Purchase Agreement and Agency Agreement or enactment of the Ordinance by the Port.

Very truly yours,

Wood Tatum Mosser Brooke & Holden

LLT:fbg

SCOEPA00001762

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State of New York
Department of State } ss.:

18429

I hereby certify that I have compared the annexed copy with the original document filed by the Department of State and that the same is a correct transcript of said original.

Witness my hand and seal of the Department of State on APR [illegible]

Basil A. Paterson

Secretary of State

G020-504 (12/78)

NYS DEPARTMENT OF STATE

MISC FILING RECEIPT CERTIFICATES

CORPORATION NAME
WACKER CHEMICAL CORP.

E FILED	DURATION & COUNTY CODE	FILM NUMBER	CASH NUMBER
04/24/79			353741

NUMBER AND KIND OF SHARES	LOCATION OF PRINCIPAL OFFICE

MENTS:

ADDRESS FOR PROCESS	REGISTERED AGENT

S AND/OR TAX PAID AS FOLLOWS:

UNT OF CHECK $ 00020.50 AMOUNT OF MONEY ORDER $ _____ AMOUNT OF CASH $ _____

_____ DOLLAR FEE TO COUNTY

R NAME AND ADDRESS

L

$ FILING
$ TAX
$ CERTIFIED COPY
$ CERTIFICATE
020.50 MISCELLANEOUS
TOTAL PAYMENT $ 0000020.50

REFUND OF $

TO FOLLOW

0-518 (1/78)

BASIL A PATERSON - SECRETARY OF STATE

SCOEPA00001765

State of New York
Department of State
} ss:

I Hereby Certify, *That I have made diligent examination of the index of corporation papers filed in this Department for a certificate, order or record of a dissolution of*

WACKER CHEMICAL CORP.

the certificate of incorporation of which corporation was filed July 23, 1965,

with perpetual duration,

and that upon such examination, I find no such certificate, order or record, and that so far as indicated by the records of this department, such corporation is a subsisting corporation.

I further certify that I find the following amendment:

Certificate of Amendment of
Certificate of Incorporation
Filed June 27, 1968

Witness *my hand and the official seal of the Department of State at the City of Albany, this* twenty-third *day of* April *one thousand nine hundred and* seventy-nine.

Basil A. Paterson

Secretary of State

State of New York
Department of State } ss.:

18430

I hereby certify that I have compared the annexed copy with the original document filed by the Department of State and that the same is a correct transcript of said original.

Witness my hand and seal of the Department of State on

Basil A. Paterson

Secretary of State

G020-504 (12/78)

691161

CERTIFICATE OF AMENDMENT OF THE CERTIFICATE OF INCORPORATION OF WACKER CHEMICAL CORPORATION UNDER SECTION 805 OF THE BUSINESS CORPORATION LAW.

WE, THE UNDERSIGNED, Dr. Karl Heinz Wacker and Werner Braun, being respectively the President and the Secretary of WACKER CHEMICAL CORPORATION, hereby certify:

1. The name of the Corporation is WACKER CHEMICAL CORPORATION.

2. The Certificate of Incorporation of said corporation was filed by the Department of State on the 19th of July, 1965.

3. (a) The Certificate of Incorporation is amended to increase the aggregate number of shares which the corporation shall have authority to issue by authorizing five hundred (500) additional shares of the par value of $ 1,000 (one thousand) each.

(b) To effect the foregoing, the Fourth Article relating to the number of shares of the corporation is amended to read as follows:

"FOURTH: The aggregate number of shares which the Corporation shall have authority to issue One Thousand (1,000), all of which are of a par value of One Thousand ($ 1,000) Dollars each, and all of which are of the same class."

SCOEPA00001768

4. The amendment was authorized by a resolution adopted by all the shareholders of the corporation pursuant to a Consent in Writing dated May 15, 1968.

IN WITNESS WHEREOF, we have signed this Certificate on the 31st day of May, 1968, and we affirm the statements contained therein as true under penalties of perjury.

Dr. Karl Heinz Wacker, President

Werner Braun, Secretary

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691161-3

7/23/65

509679

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CERTIFICATE OF AMENDMENT
OF THE CERTIFICATE OF INCORPORATION

OF

WACKER CHEMICAL CORPORATION

UNDER SECTION 805 OF THE BUSINESS
CORPORATION LAW.

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED JUN 27 1968
TAX $ 250
FILING FEE $ 30

Jim P. Lorenzo
Secretary of State
By NB
31 NY

3

ERNEST C. STEEFEL
ATTORNEY AT LAW
52 WALL STREET
NEW YORK 5, N. Y.

SCOEPA00001770

CERTIFICATE OF INCORPORATION

OF

WACKER CHEMICAL CORPORATION

Under Section 402 of the Business Corporation Law

509479

The undersigned, being a natural person of at least 21 years of age and acting as the incorporator of the corporation hereby being formed under the Business Corporation Law, certifies that:

FIRST: The name of the corporation is WACKER CHEMICAL CORPORATION.

SECOND: The corporation is formed for the following purpose or purposes:

To manufacture and deal in goods of any kind and description, especially to manufacture and deal in chemical products, and to manufacture and deal in semiconductor devices and plastics; and to manufacture, prepare, compound, refine, distil, produce, invent, discover, devise, develop, acquire, assign, and transfer formulae, concentrates, compounds, and processes for, apply, buy, sell, import and export, and generally deal in and with and as principal, agent, broker, licensor, licensee, and in any lawful capacity, in any kind of goods and products,

To carry on the business of manufacturers, sellers, buyers, exporters, importers, and dealers in chemicals and plastics, industrial, commercial, instruments,

SCOEPA00001771

materials, and supplies of all kinds, and to manufacture or otherwise produce and to buy, sell, trade, export, import, and deal in all kinds of machinery, tools, materials, goods, wares, and merchandise which may be required for any of the purposes of the business of this corporation.

To carry on a general mercantile, industrial, investing, and trading business in all its branches; to devise, invent, manufacture, fabricate, assemble, install, service, maintain, alter, buy, sell, import, export, license as licensor or licensee, lease as lessor or lessee, distribute, job, enter into, negotiate, execute, acquire, and assign contracts in respect of, acquire, receive, grant, and assign licensing arrangements, options, franchises, and other rights in respect of, and generally deal in and with, at whole and retail, as principal, and as sales, business, special, or general agent, representative, broker, factor, merchant, distributor, jobber, advisor, or in any other lawful capacity, goods, wares, merchandise, commodities, and unimproved, improved, finished, processed, and other real, personal, and mixed property of any and all kinds, together with the components, resultants, and by-products thereof; to acquire by purchase or otherwise own, hold, lease, mortgage, sell, or otherwise dispose of, erect, construct, make, alter, enlarge, improve, and to aid or subscribe toward the

SCOEPA00001772

construction, acquisition or improvement of any factories, shops, storehouses, buildings, and commercial and retail establishments of every character, including all equipment, fixtures, machinery, implements and supplies necessary, or incidental to, or connected with, any of the purposes or business of the corporation; and generally to perform any and all acts connected therewith or arising therefrom or incidental thereto, and all acts proper or necessary for the purpose of the business.

To engage generally in the real estate business as principal, and in any lawful capacity, and generally to take, lease, purchase, or otherwise acquire, and to own, use, hold, sell, convey, exchange, lease, mortgage, work, clear, improve, develop, divide, and otherwise handle, manage, operate, deal in and dispose of real estate real property, lands, houses, buildings and other works and any interest or right therein; to take, lease, purchase or otherwise acquire, and to own, use, hold, sell, convey, exchange, hire, lease, pledge, mortgage, and otherwise handle, and deal in and dispose of, as principal, and in any lawful capacity, such personal property, chattels, chattels real, rights, easements, privileges, choses in action, notes, bonds, mortgages, and securities as may lawfully be acquired, held, or disposed of; and to acquire, purchase, sell, assign, transfer, dispose of, and generally deal in and with, as principal, agent, broker, and in any lawful capacity, mortgages and other

SCOEPA00001773

interests in real, personal, and mixed properties; to carry on a general construction, contracting, and building business as principal, agent, representative, contractor, subcontractor, and in any other lawful capacity.

To apply for, register, obtain, purchase, lease, take licenses in respect of or otherwise acquire, and to hold, own, use, operate, develop, enjoy, turn to account, grant licenses and immunities in respect of, manufacture under and to introduce, sell, assign, mortgage, pledge or otherwise dispose of, and, in any manner deal with and contract with reference to:

(a) inventions, devices, formulae, processes and any improvements and modifications thereof;

(b) letters patent, patent rights, patented processes, copyrights, designs, and similar rights, trademarks, trade symbols and other indications of origin and ownership granted by or recognized under the laws of the United States of America or of any state or subdivision thereof, or of any foreign country or subdivision thereof, and all rights connected therewith or appertaining thereunto;

(c) franchises, licenses, grants and concessions.

To acquire, by purchase, subscription, contract or otherwise, and to invest in, hold for investment or otherwise, to pledge and otherwise realize upon and to sell, contract to sell and dispose of, all forms of securities, including but not by way of limitation, shares,

SCOEPA00001774

stocks, bonds, debentures, notes, scrip, warrants, rights, options, certificates of deposit, mortgages, evidences of indebtedness, certificates of indebtedness and certificates of interest issued or created, or to be issued or created in any and all parts of the world by corporations, associations, partnerships, trustees, syndicates, individuals, governments, states, municipalities and other political and governmental divisions and subdivisions, or by any combinations, organizations or entities whatsoever, irrespective of their form or the name by which they may be described, and all trust, participation and other certificates of, and receipts evidencing, interest in any such securities; and in the case of any sale, whether or not owned by the corporation at the time of making the sale or contract of sale; to pay for the same by the issuance of its stock, bonds, debentures or its other obligations or securities or by any other means of payment whatsoever; to exercise any and all rights, powers and privileges of individual ownership or interest in respect of any and all such securities or evidences of interest therein, including the right to vote thereon and to consent and otherwise act with respect thereto, to do any and all acts and things for the preservation, protection, improvement and enhancement in value of any and all such securities or evidences of interest therein, and to aid by loan, subsidy, guaranty or otherwise those issuing, creating

SCOEPA00001775

or responsible for any such bonds or other evidences of indebtedness or stock or certificates of interest therein or other securities owned or held by this corporation or by any corporation in which this corporation may have an interest as stockholder or otherwise; to acquire and become interested in any such securities or evidences of interest therein, as aforesaid, by original subscription, underwriting, participation in syndicates or otherwise and irrespective of whether or not such securities or evidences of interest therein be fully paid or subject to further payments; to make payments thereon as called for or in advance of calls or otherwise, and to underwrite or subscribe for the same conditionally or otherwise and either with a view to investment or for resale or for any other lawful purpose.

To make, enter into and carry out any arrangements, which may be deemed to be for the benefit of the corporation, with any domestic or foreign govefnmental, municipal or public authority, or with any corporation, partnership, association, combination, organization, entity or person; to obtain therefrom or otherwise to acquire by purchase, lease, assignment or otherwise, any powers, rights, privileges, immunities, franchises, guarantees, grants, and concessions; to hold, own, exercise, exploit, dispose of and realize upon the same, and to undertake and prosecute any business dependent thereon which may lawfully by undertaken by a corporation or-

SCOEPA00001776

ganized under the laws of the State of New York; and to cause to be formed, to promote and to aid in any way in the formation of any corporation, domestic or foreign, for any such purpose.

To purchase, acquire, hold, mortgage, pledge, hypothecate, exchange, sell, deal in and dispose of, alone or in syndicate or otherwise in conjunction with others, commodities and other personal property and real property of every kind, character and description whatsoever and wheresoever situated, and any interest therein.

To engage in any mercantile, manufacturing or trading business of any kind or character whatsoever, within or without the State of New York, and to do all things incidental to any such business; to cause to be formed, merged or reorganized or liquidated, and to promote, take charge of and aid in any way permitted by law the formation, merger, reorganization or liquidation of, any corporation, association or entity in the United States or abroad.

To enter into any lawful arrangements for sharing profits, union of interest, reciprocal concession or co-operation, with any corporation, association, partnership, syndicate, entity, person or governmental, municipal or public authority, domestic or foreign, in the carrying on of any business which the corporation is authorized to carry on or any business or transaction deemed neces-

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sary, convenient or incidental to carrying out any of the purposes of the corporation.

To borrow money; to issue bonds, debentures or obligations secured or unsecured, of the corporation from time to time, for moneys borrowed or in payment for property purchased or for any of the other objects or purposes of the corporation; to secure the same by mortgage or mortgages upon, or by deed or deeds of trust of, or by pledge of, any or all of the property, real and personal of the corporation, wheresoever situated, acquired or to be acquired; and to sell or otherwise dispose of any or all such bonds, debentures or obligations in such manner and upon such terms as may be judicious; to confer upon the holders of any bonds, debentures or obligations of the corporation, secured or unsecured, the right to convert the principal thereof into stock of the corporation upon such terms and conditions as may be deemed advisable; to create, issue, sell and otherwise dispose of for money, property or other considerations deemed useful for the purpose of the corporation, certificates entitling the holder to an interest in all or any part of the securities from time to time held by the corporation; to permit the holders of any bonds, debentures or obligations of the corporation, secured by specific securities, to share in the income of such securities in lieu of, or in addition to,

SCOEPA00001778

a fixed return on their investment; and to issue certificates for partly-paid stock of the corporation.

To endorse or guarantee the payment of principal and/or interest or dividends upon any stocks, bonds, obligations or other securities or evidences of indebtedness issued or created by any other corporation of the State of New York or any other state, or of any country, nation or government, or political authority, so far as the same may be permitted by law.

To merge, amalgamate or consolidate, in accordance with law, with any other corporation having objects altogether or in part similar to the objects of this corporation; and to form, organize, promote, manage, control and maintain and dissolve, merge or consolidate one or more corporations in the shares or securities of which this corporation may be or become interested, for such purpose or purposes as may aid or advance the objects and purposes of this corporation.

To sell, assign, transfer, convey, mortgage, pledge and otherwise dispose of all the property and the entire business of this corporation at any time, including its entire goodwill and all its assets, privileges, franchises and rights of whatever sort, either for cash or upon credit, or in consideration of the transfer to this corporation of the stocks, bonds, or other obligations of any other corporation, and under such terms and

SCOEPA00001779

conditions as the Board of Directors of this corporation may deem expedient and for the best interests of this corporation when and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power given at a stockholders' meeting duly called for that purpose, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding.

To purchase, hold, sell, transfer, reissue or cancel shares of its own capital stock or its own securities or obligations in the manner and to the extent now or hereafter authorized or permitted by the laws of the State of New York.

In any and all parts of the world to manufacture, produce, purchase or otherwise acquire, sell or otherwise dispose of, import, export, distribute, deal in and with, whether as principal or agent, goods, wares, merchandise and materials of every kind and description, whether now known or hereafter to be discovered or invented.

To acquire in whole or in part the business, goodwill, rights, property and assets of all kinds of any corporation, association, partnership, combination, organization, entity or individual, domestic or foreign; and to pay for the same in cash, stocks, bonds, notes,

SCOEPA00001780

debentures or other securities or obligations of the corporation or otherwise; and to hold, possess and improve such properties and to conduct in any legal manner the whole or any part of the business so acquired; and to pledge, mortgage, sell or otherwise dispose of the same, provided such business shall be the same or of a similar nature to that which the corporation is authorized to conduct.

To undertake, contract for or carry on any business or operation permitted under the laws of the State of New York, provided such business shall be the same or of a similar nature to that which the corporation is authorized to conduct.

To undertake, contract for or carry on any business incidental to or in aid of, or convenient or advantageous in pursuance of, any of the objects or purposes of the corporation.

To conduct its business in the State of New York and in other states, the District of Columbia, territories and colonies of the United States and its insular possessions and in foreign countries and to have one or more offices out of the State of New York.

Without restriction or limit as to amount, to purchase or otherwise acquire, hold, own, mortgage, sell, convey or otherwise dispose of real and personal property of every class and description in any of the states, districts, territories, colonies, or insular possessions of the United States, and in any and all foreign countries, subject always to the laws of such state, district, territory, colony, insular possession or foreign country.

SCOEPA00001781

To enter into, make, perform and carry out, or cancel and rescind, contracts for any lawful purpose appertaining to the business herein set forth, including but not limited to management contracts, with any person, partnership, association, combination, organization, entity, corporation, government, governmental subdivision or other body whatsoever.

In general, to do any or all of the things hereinbefore set forth, and such other things as are incidental or conducive to the attainment of the objects and purposes of the corporation, as principal, factor, agent, contractor or otherwise, either alone or in conjunction with any person, firm, association or corporation; and in carrying on its business and for the purpose of attaining or furthering any of its objects, to enter into, make, perform and carry out contracts with any person, partnership, association, combination, organization, entity, corporation, government, governmental subdivision, or other body whatsoever; and to do such acts and things, and to exercise any and all such powers to the same extent as a natural person might or could lawfully do to the extent now or hereafter allowed by law.

The foregoing clauses shall each be construed as purposes, objects and powers, and the matters expressed in each clause shall, except as otherwise expressly provided, be in no wise limited by reference to

SCOEPA00001782

or inference from, terms of any other clause, but shall be regarded as independent purposes, objects and powers and the enumeration of specific purposes, objects and powers shall not be construed to limit or restrict in any manner the meaning of general terms or the general powers now or hereafter conferred by the laws of the State of New York, nor shall the expression of one thing be deemed to exclude another, although it be like nature, not expressed.

To have, in furtherance of the corporate purposes, all of the powers conferred upon corporations organized under the Business Corporation Law subject to any limitations thereof contained in this Certificate of Incorporation or in the laws of the State of New York.

THIRD: The office of the corporation is to be located in the City of New York, County of New York, State of New York.

FOURTH: The aggregate number of shares which the corporation shall have authority to issue is Five Hundred (500), all of which are of a par value of One Thousand ($1,000.00) dollars each, and all of which are of the same class.

FIFTH: The Secretary of State is designated as the agent of the corporation upon whom process against the corporation may be served. The post office address within the State of New York to which the Secretary of State shall mail a copy of any process against the corporation is: Ernest C. Steefel, Esq., 52 Wall Street, New York, N.Y., 10005.

SIXTH: The duration of the corporation is to be perpetual.

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SEVENTH: All corporate powers of the corporation shall be exercised by the Board of Directors except as otherwise provided by law. Directors need not be stockholders, and any directors at any time and for any reason whatsoever may be removed by the vote of that number of the holders of the shares of the capital stock issued and outstanding which shall be declared in the By-laws to constitute a quorum thereof.

The number of directors of the corporation shall be as fixed from time to time in the By-laws, but not less than three, and the number may be increased or decreased as may be provided in the By-laws. In case of any increase in the number of directors, the additional directors shall be elected by the Board of Directors as in the case of a vacancy.

EIGHTH: One-half of the entire Board of Directors shall constitute a quorum for the transaction of business or of any specified item of business.

NINTH: In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized:

(a) to make, alter, amend and repeal the By-laws of the corporation, subject to the power of the holders of the stock to alter, amend or repeal the By-laws made by the Board of Directors;

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(b) to designate by resolution passed by a majority of the whole Board two or more of their number to constitute an Executive Committee, who, to the extent provided in said resolution or in the By-laws of the corporation, shall have and exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, with power to authorize the seal of the corporation to be affixed to all papers which may require it;

(c) to determine conclusively at the time of such acquisition, what initial valuation shall be placed upon the property, rights, and interests acquired by the corporation in exchange for or in payment of its shares of stock without nominal or par value;

(d) to fix from time to time, and to vary, the amount of the profits to be reserved as working capital or for any other lawful purposes and to increase, decrease or make any disposition of any fund so reserved;

(e) subject to the provisions of this Certificate of Incorporation, to determine whether any, and if any what part, of the surplus of the corporation or of the net profits arising from its business shall be declared in dividends and paid to the stockholders and to direct and determine the use and disposition of any such surplus or net profits;

(f) to remove at any time any officer elected

SCOEPA00001785

or appointed by the Board of Directors, but only by the affirmative vote of a majority of the members of the Board then in office, and to remove or to confer on any committee or officer the power to remove any other officer or employee of the corporation. Any such removal may be for cause or without cause.

TENTH: In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by the corporation, subject, nevertheless, to the express provisions of the laws of the State of New York, of this Certificate of Incorporation and of the By-laws of the corporation.

ELEVENTH: Any contract, transaction or act of the corporation or of the directors, which shall be ratified by a majority of a quorum of the stockholders having voting power at any annual meeting, or at any special meeting called for such purpose, shall except as otherwise specifically provided by law or by this Certificate of Incorporation, be as valid and as binding as though ratified by every stockholder of the corporation; provided, however, that any failure of the stockholders to approve or ratify such contract, transaction or act, when and if submitted, shall not of itself be

SCOEPA00001786

deemed in any way to render the same invalid, nor deprive the directors of their right to proceed with such contract, transaction or act.

The corporation reserves the right to amend, alter, change, or repeal any provisions contained in this Certificate of Incorporation in the manner now or hereafter prescribed by statute, and all rights conferred upon the stockholders herein are granted subject to this reservation.

TWELFTH: Except as may otherwise be specifically provided in this Certificate of Incorporation, no provision of this Certificate of Incorporation is intended by the corporation to be construed as limiting, prohibiting, denying, or abrogating any of the general or specific powers or rights conferred under the Business Corporation Law upon the corporation, upon its shareholders, bondholders, and security holders, and upon its directors, officers, and other corporate personnel, including, in particular, the power of the corporation to furnish indemnification to directors and officers in the capacities defined and prescribed by the Business Corporation Law and the defined and prescribed rights of said persons to indemnification as the same are conferred by the Business Corporation Law.

Howard H. Bachrach
200 Park Avenue
New York, N.Y., 10017

Dated, New York, July 22, 1965

SCOEPA00001787

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the date hereinafter set forth, before me came Howard H. Bachrach, to me known to be the individual who is described in, and who signed the foregoing Certificate of Incorporation, and he acknowledged to me that he signed the same.

John V. Borgese
Notary Public

Dated,
New York, July 22, 1965

JOHN V. BORGESE
NOTARY PUBLIC, State of New York
No. 41-0357960
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1967

SCOEPA00001788

P-H

CERTIFICATE OF RESERVATION 2344

STATE OF NEW YORK }
DEPARTMENT OF STATE } ss.:

I DO HEREBY CERTIFY, That the name

WACKER CHEMICAL CORPORATION,

a corporation has been reserved for the use of

HOWARD H. BACHRACH, ESQ.,

for a period of sixty days from the date hereof, for the creation of a domestic corporation.

Given under my hand and the official seal of the Department of State at the City of Albany, this nineteenth day of July, 1965.

John P. Lomenzo
Secretary of State

Certificate of reservation must accompany Certificate of Incorporation or Application of Authority when presented for filing.

CO-530(11/64)

19

SCOEPA00001789

Inc reserved 7/19/65

508693

CERTIFICATE of INCORPORATION

OF

WACKER CHEMICAL CORPORATION

Under Section 402 of the
Business Corporation Law

7/23

Tax $250.00

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED JUL 23 1965
TAX $ 250
FILING FEE $ 50

John P. Lomenzo
Secretary of State

By HB
P-31 NY

509879 -20

20

Howard H. Bachrach, Esq
Suite 3121
200 Park Avenue
New York, N. Y. 10017

western union Telegram

Received 4/27.79 AM

TI8383(1529)(1-015921A116)PD 04/26/79 1514
ICS IPMNQNA NYK
288
ICS IPMDC31
/1-014241A116 04/26/79
TWX DIV CORP DOVR
15 COLLECT DOVER DE 4-26-79 2:30 PM
PMS WALTER, CONSTON, SCHURTMAN & GUMPEL
ATTN KARIN SANDLER
280 PARK AVENUE
HAND DELIVER (PHONE 212-682-2323)
NEW YORK, NY 10017

WACKER SILTRONIC CORPORATION IS A DELAWARE CORPPRATION IN GOOD STANDING AS OF APRIL 26, 1979.
GLENN C KENTON SECY OF ST OF DELAWARE

TI201 (R5-80)

State of DELAWARE

Office of SECRETARY OF STATE

I, Glenn C. Kenton *Secretary of State of the State of Delaware,*

hereby certify that the Certificate of Incorporation of the "WACKER SILTRONIC RPORATION", was received and filed in this office the thirteenth day of April, A.D. 78, at 10 o'clock A.M.

And I do hereby further certify that the aforesaid Certificate of Incorporation s the only paper of record, the Corporation in question not having filed an endment nor having made any change whatever in the origial Certificate as filed.

And I do hereby further certify that the aforesaid Corporation is duly ncorporated under the laws of the State of Delaware and is in good standing and as a legal corporate existence not having been cancelled or dissolved so far as he records of this office show and is duly authorized to transact business.

In Testimony Whereof, *I have hereunto set my hand and official seal at Dover this* twenty-fifth *day of* April *in the year of our Lord one thousand nine hundred and* seventy-nine.

Glenn C. Kenton

Secretary of State

Assistant Secretary of State

DRM 122

4/30.

Department of Commerce

CORPORATION DIVISION

COMMERCE BUILDING, SALEM, OREGON 97310 PHONE 378-4166

April 25, 1979
File # F-15267

Ms. Karin Sandler
Legal Assistant
Walter, Conston, Schurtman & Gumpel, P.C.
280 Park Avenue
New York, NY 10017

Re: WACKER SILTRONIC CORPORATION

As requested, we are enclosing herewith:

1 Certificate(s) of Good Standing

____ Copy(ies) of Articles of Incorporation and all amendments(if any)

____ Certified copy(ies) of Articles of Incorporation and all amendments(if any)

____ Copy(ies) of Assumed Business Name Registration

____ Certified copy(ies) of Assumed Business Name Registration

1 Certified copy of Authority

____ Please return this letter with your remittance of $_____, covering the fee for the above service.

xxx Your remittance of $5.00, covering the fee for this service is acknowledge.

Very truly yours,

Frank J. Healy
CORPORATION COMMISSIONER

Enc.

C/ABN-100

6-78

SCOEPA00001793

State of Oregon

Department of Commerce
Corporation Division

I, **Frank J. Healy**, Corporation Commissioner and Custodian of the Seal of the Corporation Division of the Department of Commerce of the State of Oregon, DO HEREBY CERTIFY:

That WACKER SILTRONIC CORPORATION, a corporation organized and formed under and by virtue of the laws of the State of Delaware, qualified to transact business in this state on the 3rd. day of July, 1978, and is at the date of this certificate duly authorized to transact business within this state as a foreign corporation and is in good standing, having filed all reports and made all payments to this Department that are required by the Laws of this State., and that there has been no Amendments filed in this office to the Certificate of Authority.

In Testimony Whereof, I have hereunto set my hand and affixed hereto the seal of the Corporation Division of the Department of Commerce of the State of Oregon this 25th day of April, 1979.

DEPARTMENT OF COMMERCE
STATE OF OREGON
CORPORATION DIVISION

Frank J. Healy
Corporation Commissioner

By Nellie Fitch

C-51
12-74

SCOEPA00001794

State of Oregon

Department of Commerce

Corporation Division

I, **Frank J. Healy**, *Corporation Commissioner and Custodian of the Seal of the Corporation Division of the Department of Commerce of the State of Oregon, do hereby certify that I have carefully compared the annexed* copy of the Certificate of Authority of WACKER SILTRONIC CORPORATION,

with the record now on file in my office, and that the same is a correct transcript therefrom, and of the whole thereof. I further certify that this authentication is in due form and by the proper officer.

In Testimony Whereof, *I have hereunto set my hand and affixed hereto the seal of the Corporation Division of the Department of Commerce of the State of Oregon this day of , 19 .*

DEPARTMENT OF COMMERCE
STATE OF OREGON
CORPORATION DIVISION

Frank J. Healy
Corporation Commissioner

By Millie Fitch

C-52

SCOEPA00001795

State of Oregon

Department of Commerce
Corporation Division

Certificate of Authority

OF

WACKER SILTRONIC CORPORATION

The undersigned, *as Corporation Commissioner of the State of Oregon, hereby certifies that duplicate originals of an Application for a Certificate of Authority to transact business in this State, duly signed and verified pursuant to the provisions of the Oregon Business Corporation Act, have been received in this office and found to conform to law.*

Accordingly, *the undersigned, as such Corporation Commissioner, and by virtue of the authority vested in him by law, hereby issues this Certificate of Authority to the corporation named above to transact business in this State under the name of*

WACKER SILTRONIC CORPORATION

, and attaches hereto a duplicate original of the Application for such Certificate.

In Testimony Whereof, *I have hereunto set my hand and affixed hereto the seal of the Corporation Division of the Department of Commerce of the State of Oregon this* 3rd *day of* July , 1978 .

DEPARTMENT OF COMMERCE
STATE OF OREGON
CORPORATION DIVISION

Frank J. Healy
Corporation Commissioner

By

C-34.B/N
9-77

SCOEPA00001796

CERTIFICATE OF INCORPORATION

OF

WACKER SILTRONIC CORPORATION

THE UNDERSIGNED, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the General Corporation Law of the State of Delaware, does hereby certify as follows:

FIRST: The name of the corporation is

WACKER SILTRONIC CORPORATION.

SECOND: The address of its registered office in the State of Delaware is 100 West 10th Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the corporation is production and distribution of advanced materials for manufacturing industries and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of stock which the corporation shall have authority to issue is ten thousand (10,000), without par value.

FIFTH: The duration of the corporation shall be perpetual.

SIXTH: The name and mailing address of the incorporator is:

Ernest C. Stiefel
200 Park Avenue
New York, New York 10017

SEVENTH: In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

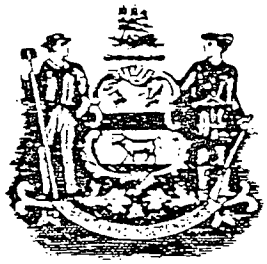
To make, alter or repeal the by-laws of the corporation.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation. Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.

NINTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 12th day of April, 1978

Ernest C. Stiefel



State of DELAWARE

Office of SECRETARY OF STATE

I, Glenn C. Kenton *Secretary of State of the State of Delaware, hereby certify that the above and foregoing is a true and correct copy of* Certificate of Incorporation of the "WACKER SILTRONIC CORPORATION", as received and filed in this office the thirteenth day of April, A.D. 1978, at 10 o'clock A.M.

In Testimony Whereof, *I have hereunto set my hand and official seal at Dover this* twenty-fifth *day of* April *in the year of our Lord one thousand nine hundred and* seventy-nine.

Glenn C. Kenton

Glenn C. Kenton, Secretary of State

O. Evans Denney, Assistant Secretary of State

State of New York
Department of State } ss.:

18429

I hereby certify that I have compared the annexed copy with the original document filed by the Department of State and that the same is a correct transcript of said original.

Witness my hand and seal of the Department of State on APR [illegible]

Basil A. Paterson

Secretary of State

G020-504 (12/78)

SCOEPA00001801

2.2

CERTIFICATE

1. I am the duly elected, qualified and acting Secretary of Wacker Siltronic Corporation, a Delaware corporation ("Siltronic").

2. The persons named below are, and have been at all times since January 1, 1979, duly qualified and acting officers of Siltronic, duly elected or appointed to the offices set opposite their respective names and the signatures appearing opposite their respective names are their true signatures:

NAME	OFFICE	SIGNATURE
Dr. Werner Freiesleben	President	
Dr. Hans Herrmann	Vice President	

3. Attached hereto marked Exhibit A is a true, correct and complete copy of the Articles of Incorporation, as amended, of Siltronic as in effect on the date hereof.

4. Attached hereto marked Exhibit B is a true, correct and complete copy of the Bylaws, as amended, of Siltronic as in effect on the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Siltronic this 26 day of April, 1979.

Ernst Stiefel

[Corporate Seal]

The undersigned, Hans Herrmann, Vice President of Siltronic, does hereby certify that Ernst Stiefel is now, and at all times since January 1, 1979 has been, the duly elected and acting Secretary of Siltronic, and that the signature set forth above is his genuine signature.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and affixed the corporate seal of Siltronic this 26 day of April, 1979.

[Corporate Seal]

SCOEPA00001803

REC'D P 126 PAGE 750

CERTIFICATE OF INCORPORATION

OF

WACKER SILTRONIC CORPORATION

THE UNDERSIGNED, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the General Corporation Law of the State of Delaware, does hereby certify as follows:

FIRST: The name of the corporation is

WACKER SILTRONIC CORPORATION.

SECOND: The address of its registered office in the State of Delaware is 100 West 10th Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the corporation is production and distribution of advanced materials for manufacturing industries and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of stock which the corporation shall have authority to issue is ten thousand (10,000), without par value.

FIFTH: The duration of the corporation shall be perpetual.

SIXTH: The name and mailing address of the incorporator is:

Ernest C. Stiefel
200 Park Avenue
New York, New York 10017

SEVENTH: In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

To make, alter or repeal the by-laws of the corporation.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation. Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.

NINTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

REC P 126 PAGE 752

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 12th day of April, 1978

Ernest C. Stiefel

SCOEPA00001806

REC'D P126 PAGE 753

State of DELAWARE

Office of SECRETARY OF STATE

I, Glenn C. Kenton *Secretary of State of the State of Delaware,*
hereby certify that the above and foregoing is a true and correct copy of
ificate of Incorporation of the "WACKER SILTRONIC CORPORATION", as received
iled in this office the thirteenth day of April, A.D. 1978, at 10 o'clock

In Testimony Whereof, *I have hereunto set my hand*
and official seal at Dover this thirteenth *day*
of April *in the year of our Lord*
one thousand nine hundred and seventy-eight.

Glenn C. Kenton

Glenn C. Kenton, Secretary of State

Assistant Secretary of State

APR 13 1978

SCOEPA00001807

PLEASE RETURN TO
THE CORPORATION TRUST COMPANY

Certified Copy

CERTIFICATE OF INCORPORATION

OF

WACKER SILTRONIC CORPORATION

RECEIVED FOR RECORD

APR 13 1978

LEO J. DUGAN, Jr., Recorder

FILED

APR 13 1978 10 A.M.

SECRETARY OF STATE

BY - LAWS

OF

WACKER SILTRONIC CORPORATION

(a Delaware Corporation)

* * * * * * * * * * * * *

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office shall be established and maintained at No. 100 West Tenth Street, Wilmington, Delaware. The Corporation Trust Company shall be the registered agent of this corporation in charge thereof.

Section 2. Other Offices. The corporation may have other offices, either within or without the State of Delaware, at such place or places as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Annual Meetings. Annual Meetings of stockholders for the election of directors shall be held at such place, either within or without the State of

Delaware, and at such time and date as the Board of Directors, by resolution, shall determine and as set forth in the notice of the meeting.

Section 2. Other Meetings. Meetings of stockholders for any purpose other than the election of directors may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting.

Section 3. Voting. Each stockholder entitled to vote in accordance with the terms of the Certificate of Incorporation and in accordance with the provisions of these By-Laws shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such stockholder, but no proxy shall be voted after three years from its date unless such proxy provides for a longer period. Upon the demand of any stockholder, the vote for directors and the vote upon any question before the meeting, shall be by ballot. All elections for directors shall be decided by plurality vote; all other questions shall be decided by majority vote except as otherwise provided by the Certificate of Incorporation or the laws of the State of Delaware.

A complete list of the stockholders entitled to vote at the ensuing election, arranged in alphabetical order, with the address of each, and the number of shares held by each, shall be open to the examination of any stockholder,

SCOEPA00001810

for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 4. Quorum. Except as otherwise required by law, by the Certificate of Incorporation or by these By-Laws, the presence, in person or by proxy, of stockholders holding a majority of the stock of the corporation entitled to vote shall constitute a quorum at all meetings of the stockholders. In case a quorum shall not be present at any meeting, a majority in interest of the stockholders entitled to vote thereat, present in person or by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite amount of stock entitled to vote shall be present. At such adjourned meeting at which the requisite amount of stock entitled to vote shall be represented, any business may be transacted which might have been transacted at the meeting as originally noticed; but only those stockholders

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entitled to vote at the meeting as originally noticed shall be entitled to vote at any adjournment or adjournments thereof.

Section 5. Special Meetings. Special Meetings of the stockholders for any purpose or purposes may be called by the president or by resolution of the directors.

Section 6. Notice of Meetings. Written notice, stating the place, date and time of the meeting, and the general nature of the business to be considered, shall be given to each stockholder entitled to vote thereat at his address as it appears on the records of the corporation, not less than ten nor more than fifty days before the date of the meeting. No business other than that stated in the notice shall be transacted at any meeting without the unanimous consent of all the stockholders entitled to vote thereat.

Section 7. Action Without Meeting. Unless otherwise provided by the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

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ARTICLE III

DIRECTORS

Section 1. Number and Term. The number of directors shall be not less than three and not more than seven. The directors shall be elected at the annual meeting of the stockholders and each director shall be elected to serve until his successor shall be elected and qualified. Directors need not be stockholders.

Section 2. Removal. Any director or directors may be removed either for or without cause at any time be the affirmative vote of the holders of a majority of all the shares of stock outstanding and entitled to vote, at a special meeting of the stockholders called for the purpose, and the vacancies thus created may be filled, at the meeting held for the purpose of removal, by the affirmative vote of a majority in interest of the stockholders entitled to vote.

Section 3. Powers. The Board of Directors shall exercise all of the powers of the corporation except such as are by law or by the Certificate of Incorporation of the corporation or by these By-Laws conferred upon or reserved to the stockholders.

Section 4. Reservation to the Stockholders. The following actions are reserved to the previous consent of the stockholders:

(i) Entering into loan or credit transactions involving amounts exceeding one million dollars in each case;

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(ii) Acquisition or disposition of participations in other enterprises;

(iii) Establishment or termination of branch offices and representations of other enterprises;

(iv) Acquisition, sale, mortgaging, leasing and other dispositions of real estate.

Section 5. Committees. The Board of Directors may, by resolution or resolutions passed by a majority of the whole board, designate one or more committees, each committee to consist of two or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee or committees. The member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the

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resolution of the Board of Directors, or in these By-Laws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority to amend the Certificate of Incorporation, to adopt an agreement of merger or consolidation, to recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, to recommend to the stockholders a dissolution of the corporation or a revocation of a dissolution, or to amend the By-Laws of the corporation; and, unless the resolution, these By-Laws, or the Certificate of Incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

Section 6. Meetings. The newly elected directors may hold their first meeting for the purpose of organization and the transaction of business, if a quorum be present, immediately after the annual meeting of the stockholders; or the time and place of such meeting may be fixed by consent in writing of all the directors.

Regular meetings of the directors may be held without notice at such places and times as shall be determined

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from time to time by resolution of the directors.

Special meetings of the board may be called by the president or by the Secretary on the written request of any two directors on at least two days' notice to each director and shall be held at such place or places as may be determined by the directors, or as shall be stated in the call of the meeting.

Section 7. Quorum. A majority of the total number of directors shall constitute a quorum for the transaction of business. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at the meeting which shall be so adjourned.

Section 8. Compensation. Directors shall not receive any stated salary for their services as directors or as members of committees, but by resolution of the Board of Directors a fixed fee and expenses of attendance may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

Section 9. Action Without Meeting. Any action

SCOEPA00001816

required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the Board of Directors, or of such committee as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee.

Section 10. Participation by Conference Telephone. Members of the board of directors of the corporation, or any committee designated by such board, may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting shall constitute presence in person at such meeting.

ARTICLE IV

OFFICERS

Section 1. Officers. The officers of the corporation shall be a President, a Treasurer, and a Secretary, all of whom shall be elected by the Board of Directors and who shall hold office until their successors are elected and qualified. In addition, the Board of Directors may elect a Chairman, one or more Vice Presidents and such Assistant Secretaries and

SCOEPA00001817

Assistant Treasurers as they may deem proper. None of the officers of the corporation need be directors. The officers shall be elected at the first meeting of the Board of Directors after each annual meeting. More than two offices may be held by the same person.

Section 2. Other Officers and Agents. The Board of Directors may appoint such other officers and agents as it may deem advisable, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 3. Chairman. The Chairman of the Board of Directors, if one be elected, shall preside at all meetings of the Board of Directors and he shall have and perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 4. President. The President shall be the chief executive officer of the corporation and shall have the general powers and duties of supervision and management usually vested in the office of president of a corporation. He shall have general supervision and direction of

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the business of the corporation. Except as the Board of Directors shall authorize the execution thereof in some other manner, he shall execute bonds, mortgages and other contracts in behalf of the corporation, and shall cause the seal to be affixed to any instrument requiring it and when so affixed the seal shall be attested by the signature of the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer.

Section 5. Vice President. Each Vice President shall have such powers and shall perform such duties as shall be assigned to him by the directors.

Section 6. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the corporation. He shall deposit all moneys and other valuables in the name and to the credit of the corporation in such depositaries as may be designated by the Board of Directors.

The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, or the President, taking proper vouchers for such disbursements. He shall render to the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may request it, an account of all his transactions as

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Treasurer and of the financial condition of the corporation. If required by the Board of Directors, he shall give the corporation a bond for the faithful discharge of his duties in such amount and with such surety as the Board of Directors shall prescribe.

Section 7. Secretary. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and directors, and all other notices required by law or by these By-Laws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the President, or by the directors, or stockholders, upon whose requisition the meeting is called as provided in these By-Laws. He shall record all the proceedings of the meetings of the corporation and of the directors in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him by the directors or the President. He shall have the custody of the seal of the corporation and shall affix the same to all instruments requiring it, when authorized by the directors or the President, and attest the same.

Section 8. Assistant Treasurers and Assistant Secretaries. Assistant Treasurers and Assistant Secretaries, if any, shall be elected and shall have such powers and shall perform such duties as shall be assigned to them, respectively,

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by the directors.

ARTICLE V

MISCELLANEOUS

Section 1. Resignations. Any director, member of a committee or corporate officer may, provided the same would not result in a breach of any contract to which said person is a party, resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

Section 2. Vacancies. If the office of any director, member of a committee or corporate officer becomes vacant, by reason of death, disability or otherwise, the remaining directors in office, though less than a quorum, by a majority vote may appoint any qualified person to fill such vacancy, who shall hold office for the unexpired term and until his successor shall be duly chosen.

Section 3. Certificates of Stock. Certificates of stock, signed by the Chairman of the Board of Directors, or the President or any Vice President, and the Treasurer or an Assistant Treasurer, or Secretary or an Assistant Secretary, shall be issued to each stockholder certifying the number of

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shares owned by him in the corporation. When such certificates are countersigned (1) by a transfer agent other than the corporation or its employee, or (2) by a registrar other than the corporation or its employee, the signatures of such officers may be facsimiles.

Section 4. Lost Certificates. A new certificate of stock may be issued in the place of any certificate theretofore issued by the corporation, alleged to have been lost or destroyed, and the directors may, in their discretion, require the owner of the lost or destroyed certificate, or his legal representatives, to give the corporation a bond, in such sum as they may direct, not exceeding double the value of the stock represented by such certificate, to indemnify the corporation against any claim that may be made against it on account of the alleged loss of any such certificate, or the issuance of any such new certificate.

Section 5. Transfer of Shares. The shares of stock of the corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and upon such transfer the old certificates shall be surrendered to the corporation by the delivery thereof to the person in charge of the stock transfer books and ledgers, or to such other person as the directors may designate, by whom they shall be cancelled,

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and new certificates shall thereupon be issued. A record shall be made of each transfer and whenver a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

Section 6. Dividends. Subject to the provisions of the Certificate of Incorporation, the Board of Directors may, out of funds legally available therefor at any regular or special meeting, declare dividends upon the capital stock of the corporation as and when they deem expedient. Before declaring any dividend there may be set apart of of any funds of the corporation available for dividends, such sum or sums as the directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the directors shall deem conducive to the interests of the corporation.

Section 7. Seal. The corporate seal shall be circular in form and shall contain the name of the corporation, the year of its creation and the words "CORPORATE SEAL DELAWARE". Said Seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

Section 8. Fiscal Year. The fiscal year of the corporation shall be determined by resolution of the Board of Directors. In the absence of such determination, the fiscal year shall be the calendar year.

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Section 9. Checks. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation, and in such manner as shall be determined from time to time by resolution of the Board of Directors.

Section 10. Notice and Waiver of Notice. Whenever any notice is required by these By-Laws to be given, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if given by depositing the smae in the United States mail, postage prepaid, addressed to the person entitled thereto at his address as it appears on the records of the corporation, and such notice shall be deemed to have been given on the day of such mailing. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise provided by statute.

Whenever any notice whatever is required to be given under the provisions of any law, or under the provisions of the Certificate of Incorporation of the corporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VI

INDEMNIFICATION

To the full extent permitted by law, the corporation may indemnify any person or his heirs, distributees,

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next of kin, successors, appointees, executors, administrators, legal representatives and assigns who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, domestic or foreign, against expenses, attorneys' fees, court costs, judgments, fines, amounts paid in settlement and other losses actually and reasonably incurred by him in connection with such action, suit or proceeding.

ARTICLE VII

AMENDMENTS

These By-Laws may be altered or repealed and By-Laws may be made at any annual meeting of the stockholders or at any special meeting thereof by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote thereat.

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SECRETARY'S CERTIFICATE RE RESOLUTIONS

I, Dr. Ernst Stiefel, Secretary of Wacker Siltronic Corporation, a corporation organized and existing under the laws of the State of Delaware, do hereby certify that the foregoing is a full, true and correct copy of an extract of resolutions duly adopted by the Board of Directors and Shareholder of said Corporation on the 17th day of April, 1979.

I do further certify that said resolutions have not been rescinded, annulled or revoked and that the same are in full force and effect.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the corporate seal of said Corporation this day of , 1979.

Secretary
Wacker Siltronic Corporation

RESOLVED, that the terms and conditions of the Installment Sale Agreement ("IRB Sale Agreement") between the Port of Portland, Oregon, and the Corporation, dated as of April 15, 1979 relating to certain industrial development facilities at the Corporation's plant in Portland, Oregon, to be financed by the issuance and sale by the Port of Portland of $1,000,000 principal amount of Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) ("1979 IRB Series Bonds") in the form attached hereto as Exhibit A are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Installment Sale Agreement ("PC Sale Agreement") between the Port of Portland, Oregon, and the Corporation, dated as of April 15, 1979, relating to certain air and water pollution control facilities at the Corporation's plant in Portland, Oregon, to be financed by the issuance and sale by the Port of Portland, Oregon, of $3,430,000 principal amount of its Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) ("1979 PC Series Bonds") in the form attached hereto as Exhibit B are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of Ordinance No.246 dated March 14, 1979 by the Port of Portland, Oregon, in connection with the 1979 IRB Series Bonds in the form attached hereto as Exhibit C are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of Ordinance No.245 dated March 14, 1979 by the Port of Portland, Oregon, in connection with the 1979 PC Series Bonds, in the form attached hereto as Exhibit D are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Letter of Indemnity from the Corporation to the Port of Portland, Oregon, ABD Securities Corporation and Europartners Securities Corporation in the form attached hereto as Exhibit E ("Letter of Indemnity") are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Memorandum of Agreement between the Port of Portland and the Corporation dated May 14, 1978 in the form attached hereto as Exhibit F are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Bargain and Sale Deed ("Deed") given by the Corporation to the Port of Portland in the form attached hereto as Exhibit G are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Bill of Sale given by the Corporation to the Port of Portland in the form attached hereto as Exhibit H are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Bond Purchase Agreement between the Port of Portland, the First National Bank of Oregon, Commerzbank, New York, and Dresdner Bank, New York, in the form attached hereto as Exhibit I are hereby ratified and approved.

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FURTHER RESOLVED, that any of the proper officers of the Corporation or Dr.Hans Herrmann are authorized to execute and deliver the Memorandum of Agreement, IRB Sale Agreement, PC Sale Agreement, Letter of Indemnity, Bill of Sale and Deed and any other certificates, agreements, documents or instruments in connection therewith.

FURTHER RESOLVED, that the above persons are authorized to make any amendments or modifications of the above-mentioned documents which they deem necessary or desirable, a determination which shall be conclusively evidenced by their execution and delivery of such amended or modified documents.

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LETTER OF INDEMNITY

The Port of Portland
P.O. Box 3529
Portland, Oregon 97208

ABD Securities Corporation
One Battery Park Plaza
New York, New York 10004

EuroPartners Securities
Corporation
One World Trade Center
Suite 3411
New York, New York 10048

Re: LETTER OF INDEMNITY

Dear Sirs:

This Letter of Indemnity is executed and delivered by the undersigned, Wacker Siltronic Corporation (the "Company"), Wacker Chemie GmbH ("Wacker") and Wacker Chemical Corporation (the "Guarantor"), in order to induce the The Port of Portland (the "Port") to issue $3,430,000 aggregate principal amount of the Port's Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) and the Port's $1,000,000 Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (collectively, the "Bonds") to be issued pursuant to two separate Ordinances enacted by the Port on March 14, 1979 (separately, the "Ordinance"), and in order to induce ABD Securities Corporation and EuroPartners Securities Corporation (the "Placement Agents") and the Port to enter into an Agency Agreement, dated as of the date hereof (the "Agency Agreement"), relating to the private placement of the Bonds by the Placement Agents on behalf of and as agents for the Port. The proceeds of the Bonds are to be used to acquire certain pollution control and industrial development facilities to be sold by the Port to the Company pursuant to two separate Installment Sale Agreements, dated as of April 15, 1979, made and entered into by and between the Port, as vendor, and the Company, as vendee (separately, the "Sale Agreement"). All payments to be made by the Port under the Ordinance, including all payments of principal of and interest on the Bonds are to be guaranteed by the Guarantor pursuant to two separate Guarantee Agreements, dated as of April 15, 1979, made and entered into by and between the Guarantor and First National Bank of Oregon, as Trustee (separately, the "Guarantee"). It is anticipated that the Bonds will be sold to certain institutional purchasers (the "Original Purchasers") pursuant to two separate Bond Purchase Agreements, dated as of the date hereof (separately, the "Bond Purchase Agreement"),

entered into by and between each Original Purchasers and the placement Agents on behalf of and as agents for the Port.

In consideration of the foregoing, the Company, Wacker and the Guarantor hereby represent, warrant and covenant to and with you as follows:

1. **Representations and Warranties of the Company, Wacker and the Guarantor.** The Company, Wacker and the Guarantor represent and warrant to and agree with the Placement Agents and the Port that:

(a) The Company, Wacker and the Guarantor have prepared and furnished to the Placement Agents certain financial information and data concerning Wacker and the Guarantor, attached hereto as Exhibits A and B (the "Financial Statements"). When this Letter of Indemnity becomes effective and at all times subsequent thereto up to and at the (delivery of the Bonds), neither the Financial Statements nor any amendment or supplement to the Financial Statements will include any untrue statement of a material fact or omit to state any material fact which should be included therein for the purpose for which it is to be used or which is necessary to make the statements and information therein not misleading. Such Financial Statements present fairly the financial condition of Wacker and the Guarantor at the times and the results of their operations for the periods indicated and such financial statements, except for Wacker's financial statements, have been prepared in conformity with generally accepted accounting principles applied on a consistent basis. The Company, Wacker and the Guarantor hereby consent to the use by the Placement Agents and the Port of the Financial Statements. The Company, Wacker and the Guarantor agree to advise you promptly of any events materially affecting it occurring prior to the delivery of and payment for the Bonds, and to supply such information as may reasonably be requested by you with respect thereto for the purpose of making the information in the Financial Statements not misleading in any material respect.

(b) The Company has been duly organized and is validly existing and in good standing under the laws of the State of Delaware; the Guarantor has been duly organized and is validly existing and is good standing under the laws of the State of New York; the Company has corporate power to execute and deliver, and perform its obligations under the Sale Agreement and this Letter of Indemnity; the Guarantor has corporate power to execute and deliver, and perform its obligations under the Guarantee and this Letter of Indemnity; Wacker has corporate power to execute and deliver and perform its obligations under this Letter of

Indemnity; and the Company is duly qualified to do business and is in good standing in the State of Oregon.

(c) The execution and delivery of the Sale Agreement, this Letter of Indemnity, the Guarantee and the fulfillment of their terms and provisions by the Company, Wacker and the Guarantor, to the extent applicable to such parties, does not and will not (i) conflict with, violate or result in a breach of any law, administrative regulation or court decree applicable to the Company, Wacker or the Guarantor, (ii) conflict with or result in a breach of or constitute a default under the Certificate of Incorporation or by-laws of the Company, Wacker or the Guarantor or any indenture, mortgage, deed of trust, agreement or other instrument to which the Company, Wacker or the Guarantor is a party or by which any of its property is bound or any order, rule or regulation applicable to the Company, Wacker or the Guarantor of any court or other governmental body, or (iii) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Company, Wacker or the Guarantor pursuant to the terms of any such indenture, mortgage, deed of trust or other instrument. The Company, Wacker and the Guarantor have taken all corporate action necessary for the authorization, execution and delivery of the Sale Agreement, the Guarantee and this Letter of Indemnity, and when executed and delivered the Sale Agreement, the Guarantee and this Letter of Indemnity will constitute valid and legally binding obligations of the Company, Wacker and the Guarantor, to the extent applicable to such parties, in accordance with their terms (subject to bankruptcy and other laws affecting enforcement of creditors' rights generally).

(d) At or prior to the date of delivery of the Bonds neither the Company, Wacker nor the Guarantor nor any of their subsidiaries have incurred or will have incurred any liabilities or obligations, direct or contingent, or entered into any transactions, not in the ordinary course of business, which are material to the Company, Wacker or the Guarantor and their subsidiaries, taken as a whole, and there has not been and will not have been, on a consolidated basis, any abnormal material change in the short-term debt or any material change in the long-term debt of the Company, Wacker or the Guarantor or their subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or other), net worth or results of operations of the Company, Wacker or the Guarantor and their affiliates, taken as a whole.

(e) There are no lawsuits or indictments pending by governmental authorities or others to which the Company, Wacker or the Guarantor is a party or of which any, Wacker property of the Company or the Guarantor are subject or other than ordinary routine litigation incident to the kind of business conducted by the Company, Wacker or the Guarantor which, if determined adversely to the Company, Wacker or the Guarantor would individually or in the aggregate have a material adverse effect on the financial position or results of operation by the Company, Wacker or the Guarantor.

2. **Covenants of the Company, Wacker and the Guarantor.** In further consideration of the agreements by the Placement Agents and the Port herein contained, the Company, Wacker and the Guarantor covenant and agree with the Placement Agents and the Port as follows:

(a) As soon as the Company, Wacker and the Guarantor are advised thereof, to advise the Placement Agents and the Port and to confirm the advice in writing, of the institution by any governmental agency or otherwise of any proceeding affecting the use of the Financial Statements or the offering of the Bonds, or proceeds thereof, or the Sale Agreement, the Guarantee, the Ordinance, the Bond Purchase Agreement or this Letter of Indemnity, or of the initiation, or threat of initiation, of any proceedings for such purpose.

(b) Except as otherwise provided in the Bond Purchase Agreement, the Company and the Guarantor agree to pay all costs and expenses of the kind referred to therein and in the Memorandum of Agreement dated May 24, 1978 between the Port, the Company and the Guarantor.

(c) During the period that the Bonds are outstanding the Company and the Guarantor will deliver to the Port and the Trustee, as soon as practicable after the close of every fiscal year, a balance sheet of the Company and a balance sheet of the Guarantor setting forth their respective financial condition as of the end of such fiscal year, together with statements of income and retained earnings for such fiscal year, all in reasonable detail, and certified by independent public accountants. So long as the Company or the Guarantor has subsidiaries, such financial statements will be on a consolidated basis to the extent the accounts of the Company or the Guarantor and its subsidiaries are consolidated. In no event shall the Company or the Guarantor be under any obligation to furnish financial information to any other person, firm or corporation whatsoever except for the Trustee named in the

Ordinance, or supplement thereto, and except as otherwise provided in this Letter of Indemnity.

(d) The Company and the Guarantor agree not to take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Ordinance, the Guarantee and the Sale Agreement, and not to take or omit to take any action which would in any way cause the Bonds to be disqualified under the exemption or cause the Bonds to become arbitrage bonds as provided in 103(b) and 103(c), respectively, of the Internal Revenue Code of 1954, as amended, and the regulations thereunder.

(e) The Company and the Guarantor agree to pay the costs and expenses of the Port and the Trustee, as provided in the Ordinance, including specifically the costs of printing coupon Bonds, in the event registered Bonds are exchanged for coupon Bonds.

3. **Indemnification.**

(a) The Company, Wacker and the Guarantor will indemnify and hold harmless, jointly and severally, each Placement Agent and each person, if any, who controls any Placement Agent within the meaning of the Securities Act of 1933, as amended (the "Act"; the Act and the Securities Exchange Act of 1934, as amended, being herein called the "Acts") and the Port, its Commissioners, officers and employees against any losses, claims, damages or liabilities, joint or several, to which any Placement Agent, such controlling person or the Port, its Commissioners, officers and employees may become subject, under the Acts or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Financial Statements or any amendment or supplement thereto pertaining to such Financial Statements, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading; and will reimburse each Placement Agent, each such controlling person and the Port, its Commissioners, officers and employees for any legal or other expenses reasonably incurred by any Placement Agent, such controlling person or the Port, its Commissioners, officers and employees in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company, Wacker and the Guarantor will not be liable to any Placement Agent in any such case to the extent that any such loss, claim, damage or liability

arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any of such material in reliance upon and in conformity with written information furnished to the Company, Wacker and the Guarantor by any Placement Agent specifically for use therein. This indemnity agreement will be in addition to any liability which the Company, Wacker or the Guarantor may otherwise have.

(b) The Placement Agents will indemnify and hold harmless, jointly and severally, the Port, its Commissioners, officers and employees, the Company, Wacker the Guarantor and each person, if any, who controls the Company or the Guarantor within the meaning of the Act against any losses, claims, damages or liabilities, joint or several, to which the Port, its Commissioners, officers and employees, the Company, Wacker the Guarantor or any such controlling person may become subject, under the Acts or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue or alleged untrue statement of any material fact contained in the Financial Statements or other material utilized by the Placement Agents for the purpose of offering the Bonds for sale, or any amendment or supplement thereto, or arises out of or are based upon the omission or the alleged omission to state therein a material fact necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any such material in reliance upon and in conformity with written information furnished by any Placement Agent for such use without the consent of the Company, Wacker or the Guarantor or the Port; and will reimburse the Port, its Commissioners, officers and employees, the Company, Wacker, the Guarantor and any such controlling person for any legal or other expenses reasonably incurred by the Port, its Commissioners, officers and employees, the Company, Wacker the Guarantor or any such controlling person in connection with investigating or defending any such loss, claim, damage, liability or action. The Placement Agents further agree to indemnify and hold harmless, jointly and severally, the Port, its Commissioners, officers and employees, against any action, loss, claim, damage or liability insofar as such action, loss, claim, damage or liability arises from an action or actions taken or omitted to be taken by any Placement Agent in placing or selling the Bonds pursuant to the Agency Agreement and Bond Purchase Agreement. This indemnity agreement will be in addition to any liability which the Placement Agents may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 3 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 3, notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 3. In case any such action is brought against any indemnified party, and it notifies any indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party, similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 3 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. However, the indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such indemnified party will not be paid by the indemnifying party unless the employment of such counsel has been specifically authorized in writing by the indemnifing party or the indemnified party shall reasonably conclude that there may be legal defenses available to it which are different from or additional to the indemnifying party.

4. **Effectiveness; Termination.** This Letter of Indemnity shall become effective upon its acceptance by the Port and the Placement Agents. Except for the provisions of Section 3 and the next succeeding paragraph hereof, this Letter of Indemnity may be terminated by the Company, Wacker and the Guarantor at any time before such acceptance by written notice from the Company, Wacker or the Guarantor to the Placement Agents and the Port, and may be terminated by the Placement Agents at any time before such acceptance by written notice from the Placement Agents to the Company, the Guarantor and the Port.

If the Company, Wacker and the Guarantor shall be unable to perform its obligations under this Letter of Indemnity, or to satisfy the conditions contained herein to be satisfied by it, or if the Port shall be unable to perform its obligations under the Bond Purchase Agreement or to satisfy the conditions contained therein to be satisfied by it, or if the Bond Purchase Agreement is not accepted, or if the Company, Wacker or the Guarantor shall terminate this Letter of Indemnity under the option in the first paragraph of this Section 4,

the Company, Wacker and the Guarantor will pay its own costs and expenses and will pay, or cause to be paid, all costs and expenses of the kind which would have been paid by the Port out of the proceeds of the sale of the Bonds pursuant to the Bond Purchase Agreement if the Bonds had been sold in contemplation of the performance of them of their obligations hereunder, including the fees and disbursements of counsel and printing and travel expenses and postage, telegraph and telephone charges, but without any further obligation on its part.

If the Placement Agents shall terminate this Letter of Indemnity under the option contained in the first paragraph of this Section 4, they shall not be under any liability to the Company, Wacker or the Guarantor.

5. **Successors.** This Letter of Indemnity has been made solely for the benefit of the Port, the Placement Agents, the Company, Wacker the Guarantor and, to the extent expressly provided herein, for the benefit of the Original Purchasers and the persons controlling the Company, Wacker the Guarantor and their respective successors and assigns, and no other persons shall acquire or have any right under or by virtue of this Letter of Indemnity. The term "successor" shall not otherwise include an Original Purchaser.

6. **Applicable Law.** This Letter of Indemnity will be governed by and construed in accordance with the laws of the State of Oregon.

Kindly indicate the agreement to the foregoing by signing and returning to us this letter, whereupon it will become a binding agreement between us.

Very truly yours,

WACKER SILTRONIC CORPORATION

By _____
President

WACKER CHEMICAL CORPORATION

By _____
President

WACKER CHEMIE GmbH

By _____

Accepted As of April 15, 1979

THE PORT OF PORTLAND

By _____

ABD SECURITIES CORPORATION

By _____
Vice President

EUROPARTNERS SECURITIES CORPORATION

By _____
Vice President

EXHIBIT A

WACKER CHEMICAL CORPORATION

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MATORIN & BROWN
ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

SIDNEY R. MATORIN, C.P.A.
STUART BROWN, C.P.A.

16633 VENTURA BOULEVARD - SUITE 735
ENCINO, CALIFORNIA 91436
TELEPHONE 213-981-0630

March 10, 1978

Wacker Chemical Corporation

OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Gentlemen:

We have examined the financial statements and supplemental schedules of Wacker Chemical Corporation (a wholly owned subsidiary of Wacker Chemie GmbH) for the year ended December 31, 1977 and 1976, listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of SWS Silicones Corporation (SWS) in which the company has a 49% interest as discussed in note 3, which statements reflect total assets constituting 39% in 1977 of total assets. These statements were examined by other auditors whose report thereon has been forwarded to us, and our opinion expressed herein, insofar as it relates to the amounts included for SWS, is based solely upon the report of other auditors.

As discussed in note 2, the company has been named as a defendant in a suit charging violations of the Sherman Act and the Wilson Tariff Act. The suit continues to be in the preliminary stages and the ultimate liability, if any, is not presently determinable.

In our opinion, subject to the effect, if any, on the financial statements of the matter referred to in the preceding paragraph, the accompanying financial statements present fairly the financial position of the company at December 31, 1977, and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis. Also, in our opinion, the accompanying supplemental schedules, when considered in relation to the basic financial statements, present fairly in all material respects the information shown therein.

The financial statements for the prior year were examined by other certified public accountants and are included herein for reference.

Respectfully submitted,

Matorin & Brown

Matorin & Brown
Accountancy Corporation

WACKER CHEMICAL CORPORATION
BALANCE SHEET
DECEMBER 31, 1977 and 1976

ASSETS	1977	1976
CURRENT ASSETS		
Cash	$ 330,583	$ 1,205,036
Short term investments, at cost, which approximates market, plus accrued interest	---	1,949,506
Receivables:		
Trade, less allowance for doubtful accounts of $108,674 in 1977 and $108,604 in 1976	4,048,262	4,651,629
Employees notes secured by deeds of trust	35,380	38,752
Interest	37,975	37,204
Other	2,714	1,800
Total receivables	4,124,331	4,729,385
Inventories (note 1)	3,072,196	2,404,294
Prepaid expenses	84,362	144,890
Total current assets	7,611,472	10,433,111
PROPERTY - At cost (note 1):		
Land	110,200	110,200
Building and building improvements	235,687	235,687
Machinery and equipment	1,537,495	1,489,490
Furniture and fixtures	105,699	103,547
Automobiles	54,398	34,851
Leasehold improvements	3,869	3,869
Total	2,047,348	1,977,644
Less accumulated depreciation and amortization	1,270,465	1,108,821
Property - net	776,883	868,823
OTHER:		
Investment in joint venture (note 3)	6,549,135	4,144,124
Note receivable (note 3)	1,960,000	1,960,000
Total other	8,509,135	6,104,124
TOTAL	$ 16,897,490	$ 17,406,058

The accompanying notes are an integral part of these financial statements

WACKER CHEMICAL CORPORATION
BALANCE SHEET
DECEMBER 31, 1977 and 1976

LIABILITIES AND STOCKHOLDER'S EQUITY	1977	1976
CURRENT LIABILITIES:		
Accounts payable:		
Due to parent company	$ 4,321,542	$ 6,877,837
Trade	90,312	328,579
Total accounts payable	4,411,854	7,206,416
Customer deposits	---	500,000
Accrued liabilities	66,268	122,415
Total current liabilities	4,478,122	7,828,831
DEFERRED INCOME	276,224	---
LONG-TERM NOTES - Noninterest bearing notes guaranteed by parent company, due in 1979, $2,000,000 and 1980, $4,500,000	6,500,000	6,500,000
STOCKHOLDER'S EQUITY:		
Common stock - authorized, 500 shares of $1,000 par value; issued and outstanding 400 shares in 1977 and 1976	400,000	400,000
Additional paid-in capital	5,600,000	5,600,000
Deficit	(356,856)	(2,922,773)
Total stockholder's equity	5,643,144	3,077,227
TOTAL	$ 16,897,490	$ 17,406,058

The accompanying notes are an integral part of these financial statements

WACKER CHEMICAL CORPORATION
STATEMENT OF INCOME AND DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 1977 and 1976

	1977			1976
	LOS ANGELES	NEW YORK	COMBINED	COMBINED
GROSS SALES	$ 2,360,398	$ 24,034,914	$ 26,395,312	$ 22,741,393
LESS SALES RETURNS AND ALLOWANCES	126,860	423,916	550,776	308,201
NET SALES	2,233,538	23,610,998	25,844,536	22,433,192
COST OF GOODS SOLD	2,673,609	22,160,569	24,834,178	21,758,474
GROSS MARGIN (LOSS)	(440,071)	1,450,429	1,010,358	674,718
OPERATING EXPENSES:				
Selling expenses			970,257	830,727
General and administrative			140,042	104,504
Total			1,110,299	935,231
OPERATING LOSS			(99,941)	(260,513)
OTHER INCOME (EXPENSES):				
Equity in the income of joint venture before extraordinary item (note 3)			1,074,971	944,040
Interest income			288,729	247,771
Interest expense			(27,758)	(122,302)
Other income - net			2,132	10,100
Total			1,338,074	1,079,609
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM			1,238,133	819,096
PROVISION FOR INCOME TAXES (note 4)			2,256	200
INCOME BEFORE EXTRAORDINARY ITEM			1,235,877	818,896
EXTRAORDINARY ITEM (note 4)			1,330,040	
NET INCOME			2,565,917	818,896
DEFICIT, BEGINNING OF YEAR			(2,922,773)	(3,741,669)
DEFICIT, END OF YEAR			$ (356,856)	$ (2,922,773)

The accompanying notes are an integral part of these financial statements

WACKER CHEMICAL CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 1977 and 1976

	1977	1976
SOURCE OF FUNDS:		
From operations:		
Income before extraordinary item	$ 1,235,877	$ 818,896
Items not requiring (providing) working capital:		
Depreciation and amortization expense	196,693	175,732
Equity in the income of joint venture before extraordinary item	(1,074,971)	(944,040)
Total before extraordinary item	357,599	50,588
Extraordinary item	1,330,040	
Equity in extraordinary item of joint venture not providing working capital	(1,330,040)	
Total from operations	357,599	50,588
Property retirements - net	18,916	
Deferred income	276,224	16,897
Total sources	652,739	67,485
APPLICATION OF FUNDS:		
Property additions	123,669	229,467
INCREASE (DECREASE) IN WORKING CAPITAL	$ 529,070	$ (161,982)
SUMMARY OF CHANGES IN ELEMENTS IN WORKING CAPITAL:		
Increases (decreases) in current assets:		
Cash	$ (874,453)	$ 973,231
Short-term investments	(1,949,506)	1,549,506
Accounts receivable	(605,054)	901,335
Inventories	667,902	(1,282,595)
Prepaid expenses	(60,528)	41,943
Total	(2,821,639)	2,183,420
Decreases (increases) in current liabilities:		
Accounts payable and accrued liabilities	2,850,709	(3,805,402)
Customer deposits	500,000	(500,000)
Notes payable		1,960,000
Income taxes payable		
Total	3,350,709	(2,345,402)
INCREASE (DECREASE) IN WORKING CAPITAL	$ 529,070	$ (161,982)

The accompanying notes are an integral part of these financial statements

WACKER CHEMICAL CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. FINANCIAL INFORMATION AND ACCOUNTING POLICIES:

The company is a wholly owned subsidiary of Wacker Chemie GmbH and its operations are dependent to a significant degree upon transactions with, and policies of, its parent company. Purchases from its parent, consisting of substantially all of its raw materials and imported finished goods, totaled approximately $23,564,000 and $17,172,000 in 1977 and 1976, respectively. In addition, legal fees related to the litigation described in note 2 are being paid by the parent company. The amount payable to its parent represents primarily the balance due on such purchases.

Reference to the "New York" office in accompanying financial statements includes the company's offices in New York City, New York, Santa Clara, California, and Richardson, Texas.

Significant accounting policies are summarized as follows:

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market and are comprised of the following:

	1977	1976
Raw materials	$ 182,468	$ 207,817
Work in process	298,315	551,082
Finished goods	2,591,413	1,645,395
Total	$ 3,072,196	$ 2,404,294

Depreciation and Amortization

The company uses straight-line and declining-balance depreciation methods for both financial reporting and income tax purposes. Estimated useful lives used in computing depreciation range from 3 to 20 years. Maintenance and repairs are charged to income as incurred while betterments are capitalized and depreciated over the remaining useful lives of the related assets.

Investment Tax Credit

The company accounts for the investment tax credit on the "flow-through" method, reducing Federal income taxes in the year the related assets are placed in service.

WACKER CHEMICAL CORPORATION
NOTES TO FINANCIAL STATEMENTS

2. LITIGATION:

In July 1975, National Beryllia Corporation brought suit against the company and its parent charging violations of the Sherman Act and the Wilson Tariff Act and is seeking damages in the amount of $12 million or such additional amount as may be proven. The company has denied the charges and intends to vigorously defend against them. The suit continues to be in the preliminary stages and is not far enough advanced for the company or its legal counsel to form an opinion as to the likely outcome of the case. Since the ultimate liability of the company, if any, is not presently determinable, no provision for any such liability has been included in the accompanying financial statements.

3. INVESTMENT IN JOINT VENTURE:

The company acquired a 49% interest in SWS Silicones Corporation (SWS) a joint venture with Stauffer Chemical Corporation (Stauffer) in which the company's equity in the net assets of SWS exceed its cost as originally determined by $1,727,786. As a result of an Internal Revenue Service (I.R.S.) examination and report dated October 1977, the acquisition cost was determined to be $3,783,643 instead of $2,694,699, as previously reported. The excess of net assets over cost which was previously shown at $1,727,786 was reduced to $638,842 pursuant to the I.R.S. report. In prior years $408,322 of excess of net assets over cost was amortized, the remainder was fully amortized in 1977.

Summarized financial information of SWS submitted by other auditors for 1977 and 1976 (revised):

	1977	1976
Current assets	$ 13,880,700	$ 12,309,700
Property - net	7,972,900	7,204,700
Other assets	1,900	2,700
Total assets	$ 21,855,500	$ 19,517,100
Current liabilities including $4,000,000 payable to Stauffer	$ 8,058,900	$ 8,165,300
Other liabilities	431,000	180,000
Stockholders' equity	13,365,600	11,171,800
Total liabilities and stockholders' equity	$ 21,855,500	$ 19,517,100
Revenues	$ 30,274,600	$ 25,729,000
Net income	$ 2,193,800	$ 1,535,049

In accordance with the joint venture agreement, the company has loaned to Stauffer $1,960,000 which represents 49% of the amount advanced by Stauffer to

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WACKER CHEMICAL CORPORATION
NOTES TO FINANCIAL STATEMENTS

SWS. The loan bears interest at the Morgan Guaranty prime rate plus .5% and is repayable to the company in proportion to the payments received by Stauffer from SWS.

4. INCOME TAX AND EXTRAORDINARY ITEM:

No Federal income taxes have been accrued with respect to the results of operations for 1977. Such operations include $1,074,971 of earnings related to SWS (see note 3) on which no provision for income tax is required. At December 31, 1977, cumulative undistributed earnings of SWS amounted to approximately $3,877,000.

California income taxes of $200 were paid in each of 1977 and 1976.

In connection with an examination of Franchise Tax Returns for years 1973 and 1974 by the State of California, they have requested additional information to determine whether a unitary business exists with Wacker Chemie GmbH.

The company's exposure to the unitary tax is not known or calculable at this time.

The company has a net operating loss carry-forward of approximately $345,000 which is available to offset future federal taxable income and expires in 1983. The company also has investment tax credit carry-forwards available to offset future taxes of approximately $83,500 which expire as follows: 1980, $49,900; 1981, $200; 1982, $4,600; 1983, $18,800; 1981, $9,900.

The extraordinary item in 1977 represents the amortization of remaining excess book value over cost of the company's investment in SWS and the adjustment described in note 3.

5. NOTE PAYABLE TO BANK:

The company has a $3,000,000 line of credit agreement providing for interest at the bank's prime rate. Under the agreement, the company must maintain a compensating balance of 10% of the total line of credit plus 10% of the average outstanding borrowings. The note is guaranteed by the Wacker Chemie GmbH.

6. PENSION AND RETIREMENT PLANS:

The company's pension plan covers employees who have completed one year of employment and attained the age of 25 and provides for payments to eligible employees upon normal retirement at age 65. The company's policy is to fund

WACKER CHEMICAL CORPORATION
NOTES TO FINANCIAL STATEMENTS

costs as accrued, which costs are actuarially computed using the entry age normal funding method.

The company's retirement plan is offered to all employees who have completed one year of employment. Employees who participate in the Plan contribute 6% of their normal weekly salary. The company makes regular monthly contributions equal to 25% of the amount contributed by employees. The company's contribution vests at the rate of 20% per year and is fully vested in five years.

The total provisions for both plans amounted to $24,241 for 1977 and 1976 respectively.

7. LEASE COMMITMENTS:

The company is obligated under long-term leases for office facilities for 1978-80, $16,000 each year. Certain of the leases provide for increases in annual rentals based upon defined increases in operating costs.

8. SUBSEQUENT EVENTS:

The company issued an additional 25 shares of capital stock to Wacker Chemie GmbH for $2,500,000 on January 18, 1978.

The Board of Directors of SWS Silicones Corporation declared a dividend on January 20, 1978, for which the company received $98,000.

The manufacturing building and improvements in Los Angeles were sold for an amount in excess of book value with an escrow closing date in April 1978.

WACKER CHEMICAL CORPORATION
COST OF GOODS SOLD
FOR THE YEARS ENDED DECEMBER 31, 1977 and 1976

	1977			1976
	LOS ANGELES	NEW YORK	COMBINED	COMBINED
RAW MATERIALS USED:				
Beginning raw material inventory	$ 207,817		$ 207,817	$ 241,649
Raw materials purchased (primarily from affiliates)	376,480		376,480	479,066
Total	584,297		584,297	720,715
Ending raw material inventory	(182,468)		(182,468)	(207,817)
Total raw materials used	401,829		401,829	512,898
OTHER COSTS:				
Beginning work-in-process inventory	551,082		551,082	342,982
Ending work-in-process inventory	(298,315)		(298,315)	(551,082)
Net change	252,767		252,767	(208,100)
Factory overhead	1,464,669		1,464,669	1,658,281
Direct labor	336,504		336,504	409,958
Engineering overhead	136,740		136,740	126,722
Total other costs	2,190,680		2,190,680	1,986,861
COST OF GOODS PRODUCED	2,592,509		2,592,509	2,499,759
BEGINNING FINISHED GOODS INVENTORY	315,427	1,329,968	1,645,395	3,102,258
FINISHED GOODS PURCHASED (PRIMARILY FROM AFFILIATES)	---	23,187,687	23,187,687	17,801,852
GOODS AVAILABLE FOR SALE	2,907,936	24,517,655	27,425,591	23,403,869
ENDING FINISHED GOODS INVENTORY	234,327	2,357,086	2,591,413	1,645,395
COST OF GOODS SOLD	$ 2,673,609	$ 22,160,569	$ 24,834,178	$ 21,758,474

The accompanying notes are an integral part of these financial statements

WACKER CHEMICAL CORPORATION
FACTORY AND ENGINEERING OVERHEAD COSTS
FOR THE YEARS ENDED DECEMBER 31, 1977 and 1976

	1977	1976
FACTORY OVERHEAD COSTS:		
Supplies	$ 561,748	$ 663,244
Payroll costs	253,118	250,281
Depreciation	181,227	163,130
Indirect labor	178,541	235,008
Occupancy	199,697	177,317
Repairs and maintenance	53,248	98,224
Overtime premium	12,442	26,185
Outside services	19,468	29,217
Projects and modifications	---	13,025
Miscellaneous	5,180	2,650
TOTAL FACTORY OVERHEAD COSTS	$ 1,464,669	$ 1,658,281
ENGINEERING OVERHEAD COSTS:		
Salaries	$ 124,925	$ 110,509
Travel	9,490	11,391
Supplies	2,325	3,357
Outside services	---	1,465
TOTAL ENGINEERING OVERHEAD COSTS	$ 136,740	$ 126,722

The accompanying notes are an integral part of these financial statements

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WACKER CHEMICAL CORPORATION
SELLING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1977 and 1976

	1977			1976
	LOS ANGELES	NEW YORK	COMBINED	COMBINED
Salaries	$ 20,236	$ 334,537	$ 354,773	$ 301,288
Telephone and telegraph	25,312	76,976	102,288	102,137
Office rent	---	52,585	52,585	52,998
Commissions	2,456	62,273	64,729	64,650
Travel and entertainment	---	70,756	70,756	63,482
Payroll costs	---	88,908	88,908	47,243
Postage and freight	3,686	28,555	32,241	30,051
Office supplies	---	24,682	24,682	24,079
Advertising and promotion	---	8,803	8,803	3,226
Depreciation	---	13,657	13,657	10,127
Taxes and licenses	---	18,212	18,212	12,982
Provision for doubtful accounts	11,301	77,699	89,000	85,800
Automobile expense	---	15,824	15,824	14,527
Miscellaneous	---	22,605	22,605	18,137
Export	11,194	---	11,194	---
TOTAL	$ 74,185	$ 896,072	$ 970,257	$ 830,727

The accompanying notes are an integral part of these financial statements

WACKER CHEMICAL CORPORATION
GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1977 and 1976

	1977	1976
Salaries	$ 71,697	$ 66,571
Audit and professional fees	29,854	25,245
Travel and entertainment	1,474	187
Payroll costs	18,522	---
Rent	9,600	4,800
Taxes and licenses	1,824	1,582
Depreciation	1,809	1,828
Office supplies	4,208	3,588
Dues and subscriptions	1,054	703
TOTAL	$ 140,042	$ 104,504

The accompanying notes are an integral part of these financial statements

SCOEPA00001854

The following Statement of Consolidated Earnings and Consolidated Balance Sheet were taken from the Pennwalt Corp. annual report and the Pennwalt Corp. first quarterly report to shareholders for 1978. Not included are the notes to the consolidated financial statements which are an integral part of the statements.

PENNWALT CORP.
STATEMENT OF CONSOLIDATED EARNINGS
(Thousands of Dollars)

	Year Ending December 31	
	1977	1976
INCOME		
Net Sales	$834.895	$777,315
Other Net, Including Equity ($4,409,000 and $1,824,000) in Net Earnings of Nonconsolidated Companies	7,267	4,901
	842,162	782,216
COSTS AND EXPENSES		
Cost of Goods Sold	557,672	512,940
Selling and Administrative	168,817	165,718
Research and Development	20,896	18,734
Interest Expense	15,570	15,547
	762,955	712,939
Earnings Before Income Taxes	79,207	69,277
FEDERAL AND OTHER INCOME TAXES		
Federal	23,390	20,033
Foreign	8,452	6,291
State and Local	3,145	3,088
Total Current Provision	34,987	29,412
Deferred	74	3,936
Investment Tax Credit, Net	2,413	1,019
	37,474	34,367
Net Earnings	$ 41,733	$ 34,910
Earnings Per Common and Common Equivalent Share	$4.23	$3.56

(Continued)

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	Three Months Ending March 31, Unaudited	
	1978	1977
INCOME		
Net Sales	$219,475	$204,258
Other Net	2,366	986
	221,841	205,244
COST AND EXPENSES		
Cost of Goods Sold	148,297	135,986
Selling and Administrative	51,196	47,343
Interest	3,984	3,899
	203,477	187,228
Earnings Before Income Taxes	18,364	18,016
Income Taxes	7,928	8,537
Net Earnings	$ 10,436	$ 9,479
Earnings Per Common and Common Equivalent Share	$1.06	$ .96
Cash Dividends Per Share of Common Stock	$ .50	$ .40

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PENNWALT CORP.
CONSOLIDATED BALANCE SHEET
(Thousands of Dollars)

	Year Ending December 31	
	1977	1978
ASSETS		
Current Assets		
Cash, Including Certificates of Deposit of $37,000 and $946,000	$ 5,947	$ 3,255
Marketable Securities, At Cost, Which Approximates Market	14,540	35,987
Total Cash and Marketable Securities	20,487	39,242
Receivables	150,071	130,313
Inventories	154,511	147,455
Prepaid Pension Costs and Other Expenses	14,987	12,187
Total Current Assets	340,056	329,197
Investments and Other Receivables		
Investments, At Cost Plus Equity in Undistributed Net Earnings Since Acquisition –		
Nonconsolidated Subsidiaries	14,756	12,578
Affiliates	8,779	8,672
Long-term Receivables, Etc.	1,385	1,705
	24,920	22,955
Property, Plant and Equipment, At Cost		
Land	13,485	12,439
Mineral, Oil and Gas Properties	8,966	8,503
Buildings	117,290	114,651
Equipment	334,803	297,364
	474,544	432,957
Less: Accumulated Depreciation, Depletion, Etc.	233,112	207,051
	241,432	225,906
Other Assets		
Goodwill, Net of Amortization of $714,000 and $585,000	14,990	15,119
License Agreements, Patents, Trademarks, Etc., Net of Amortization of $3,317,000 and $2,997,000	4,409	4,748
Deferred Charges	723	385
Unamortized Debt Discount and Expense	1,523	1,623
	21,645	21,875
	$628,053	$599,933

(Continued)

SCOEPA00001857

	Three Months Ending March 31, Unaudited	
	1978	1977
ASSETS		
Cash and Marketable Securities	$ 11,779	$ 27,176
Receivables, Net	169,100	145,401
Inventories	157,841	151,086
Prepaid Pension Costs and Other Expenses	14,212	10,300
Total Current Assets	352,932	333,963
Property, Plant and Equipment, Net	243,600	226,173
Other Assets	46,063	45,207
	$642,595	$605,343
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
Short-term Debt	$ 22,788	$ 13,396
Accounts Payable	41,015	39,747
Other Current Liabilities	72,072	56,666
Total Current Liabilities	135,875	109,809
Long-term Debt	167,412	177,643
Deferred Income Taxes	25,594	28,843
Shareholders' Investment	313,714	289,048
	$642,595	$605,343

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Exhibit B

WACKER

Annual Report 1977

Wacker-Chemie GmbH
München

Wacker-Chemie GmbH

Supervisory Board

Prof. Dr.-Ing. Dres. h. c. Karl Winnacker
Honorary Chairman,
Königstein im Taunus

Prof. Dr. Rolf Sammet, Chairman,
Bad Soden am Taunus

Dr. Karl Heinz Weiß, Deputy Chairman,
Munich

Fritz Absmaier, Munich*

Kurt Lanz, Kronberg im Taunus

Dr. Peter Pfeiffer, Munich

Dr. Jürgen Schaafhausen,
Bad Soden am Taunus

Alfred Stummer, Burghausen*

Horst Günter Wacker, Munich

Adolf Wimmer, Burghausen*

*employees representatives

Managing Board

Walter Dobmaier
(responsible for Finance, Purchasing, General Administration)

Ekkehard Maurer
(responsible for Sales, Personnel, Public Relations)

Dr. Rudolf Mittag
(responsible for Factories, Engineering, Research and Development)

Wacker in brief

Wacker-Chemie (worldwide) in million DM	1973	1974	1975	1976	1977
Sales	897	1288	1039	1289	1312
Capital expenditures and investments	68	92	113	121	111
Employees	8609	9051	8563	8780	8905
Wacker-Chemie GmbH					
Sales	771	1099	910	1088	1101
Capital expenditures and investments	51	75	101	112	103
Depreciation of property, plant and equipment	70	69	75	93	100
Net income for the year	19.9	70.0	8.0	31.9	11.6
transferred to retained earnings	10.0	55.0	–	20.0	3.6
Balance sheet total	439.9	526.5	557.0	576.0	590.7
Employees	6338	6791	6444	6543	6627

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This is where you find Wacker-Chemie GmbH and its affiliates

Factories in Germany

Wacker-Chemie GmbH
Burghausen
Kempten
Cologne
Stetten/Württ.

Wacker-Chemitronic GmbH
Burghausen

Elektroschmelzwerk Kempten GmbH
Kempten
Grefrath

Sales offices in Germany

Berlin
Düsseldorf
Frankfurt/Main
Hamburg
Hannover
Munich
Nuremberg
Stuttgart

European agents

Finland	Oy Max Aue AB, Helsinki
France	Promecome S.A., Paris
Greece	E. Rigas S.A., Athens
Ireland	Normen Lauder Ltd., Dublin
Italy	B. H. Schilling S.p.A., Milan
Norway	Wilh. Willumsen A/S, Oslo
Portugal	Euro-Atlântica S.A.R.L., Lisbon
Spain	Medir, Ferrer y Cia., S.A., Barcelona
Sweden	F. A. W. Jacobi, Stockholm
Turkey	Mohat Kimya Sanayi ve Ticaret Ltd. Sti., Istanbul

Overseas and European factories

Brazil	Wacker Quimica do Brasil Ltda., Sao Paulo
Mexico	Wacker Mexicana S.A., Mexico City
Netherlands	Elektroschmelzwerk Delfzijl B.V., Delfzijl
USA	Wacker Chemical Corp., Los Angeles
USA	SWS Silicones Corp., Adrian, Michigan
USA	ESK Corporation, Hennepin, Illinois (under construction)

European and overseas sales organisations

Austria	Wacker-Chemie Ges. m.b.H., Salzburg
Belgium	Wacker-Chemie S.A., Brussels
Denmark	Wacker-Chemie A/S, Copenhagen
Great Britain	Wacker Chemicals UK Ltd., London
Mexico	Wacker-Mexicana S.A., Mexico City
Netherlands	Wacker-Chemie Nederland B.V., Wormerveer
Switzerland	Wacker-Chemie (Schweiz) A.G., Liestal
USA	Wacker Chemical Corp., New York

Overseas agents

Argentina	Azyder S.A.I.C.I. y F., Buenos Aires
Australia	Hamilchem Pty. Ltd., Springvale
Bolivia	F. D. Lucas & Cia. S.A., La Paz
Brazil	Brasimet S.A., Sao Paulo
Chile	Mauricio Hochschild S.A.I.C., Santiago de Chile
Columbia	Amerex S.A., Bogota D.E., Columbia
Ecuador	Quimotécnica del Ecuador S.A., Quito
South Africa	Indag (Pty) Ltd., Craighall
Uruguay	Rodermonte Ltda., Montevideo
USA	Henley & Co., Inc., New York
Venezuela	Cenco-Zotti S.A., Caracas

In Greece, Portugal and in most overseas countries, Wacker silicone interests are being looked after by the national Hoechst agents.

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Our Production Line

Plastic Material
Polyvinyl Chloride, Vinylchloride/Vinylacetate Copolymers, Laquer Resins (Vinnol®)
Vinylchloride/Vinylacetate Copolymers (Wacker MP-Fibre®, thermoplastic)
High Density Polyethylene (HDPE) (Wacker Polyäthylen)
Polyvinylacetate: Solid Resins, Hot Melt Pressure Sensitive Adhesives, Solutions, Emulsions and Redispersible Powders (Vinnapas® and Vinnapas-E)
Vinylacetate Ethylene Copolymer (Wacker VAE®)
Polyvinylalcohol (Polyviol®)
Polyvinylbutyral (Pioloform®)

Plasticizer (Monomer)
Phthalates, Adipates, Sebacates

Silicones
Fluids, Pastes, Greases, Antifoam Agents, Impregnating Agents, Masonry Water Repellents, Release Agents, Laquer Additives, Adhesion Promoters, Resins, Silicone Rubbers: High Temperature Vulcanising (HTV), Room Temperature Vulcanising (RTV), m-Polymers

Silanes
Chlorosilanes, Alkoxylsilanes, Organo Silanes with functional groups, e.g. Vinyl Silanes, Aminosilanes etc., Silazanes, Siloxanes with definite molecular weight

Fumed Silica
(Wacker HDK®)

Solvents
Methyl Acetate, Ethyl Acetate, Butyl Acetate, Mixed Solvent (Drawin®), Butyl Alcohol, Di-n-Butyl Oxalate (Solvent O), Glycolic Acid Butyl Ester (G.B. Ester®), Diacetone Alcohol (Solvent DA)

Chlorinated Solvents
Trichloroethylene (Wacker Tri®), 1.1.1-Trichloroethane (Wacker 3x1®), Perchloroethylene (Wacker Per®)

Organic Intermediates
Acetaldehyde, Chloroacetaldehyde, Diethylacetaldehyde, 2,4-Hexadienal, Acetic Acid, Diethylacetic Acid, n-Caproic Acid, Isovaleric Acid, Acetic Anhydride, Vinylacetate Monomer, Methyl Acetoacetate, Ethyl Acetoacetate, 2-Chloro-Methyl-Aceto-acetate, Isopropenyl Acetate, Dimethyl Diethyl-malonate, Di-n-Butyl Ether, Acetylacetone, 2-Chloro-Acetoacetamides, 2-Aminothiazole, Hexamethyl Phosphoric Triamide

Fungicides/Insecticides/Herbicides
for agriculture and home garden

Others
Rock Salt, Caustic Soda, Electro Slag, Premolten Welding Powder

SCOEPA00001862

Developments in turnover

For the German chemical industry the year 1977 meant but modest growth rates. The Wacker group, too, was affected by this trend. World turnover showed but a slight increase by 1.8% (24%) to 1.312 million DM (1.289 million DM). It was possible to expand our foreign and overseas business by 8%, despite currency problems, and exports now account for 38% of total turnover.

The previous year's turnover has not been reached in the domestic market. The state of the market was characterised by increased imports and overcapacities in certain areas, e.g. in the case of the common, mass produced plastics. This unwelcome trend clearly affected profitability. The annual surplus fell to little more than a third of the 1976 figure.

The growth in turnover of the parent company, **Wacker-Chemie GmbH**, by 1.2% to 1.101 million DM (1.088 million DM) was below the figures for the group. This was due mainly to the falling-off of the contribution made by the Polyvinyl Chloride division **(Division V)** towards the firm's results. Here, existing overcapacities as well as increasing imports from Eastern bloc countries in particular were noticeable.

Chlorine and Ethylene Derivatives **(Division C)** showed very different developments of the various product groups. The chlorinated hydrocarbon business suffered considerable losses whilst being subjected to continuing import pressures. Sales of organic intermediates brought satisfactory results in some instances, but in the case of polyethylene, sales expectations were not completely fulfilled.

In the case of Vinylacetate monomer-Derivatives products **(Division L)** the positive trend observed during the previous year continued during 1977. Sales of Vinnapas® E-emulsions in particular continued their upward trend, as had been expected.

The pesticide business developed well, especially the export side, due mainly to the successful use of Drawin® 755 for combating the so-called „Mosca Blanca" in citrus fruit plantations.

Sales also developed successfully in the case of pyrogenic, highly dispersed silica (Wacker HDK®). The new production unit for making HDK, which is due to start operations in the second half of 1978, will further increase our capacity in this field.

Silanes and Silicones **(Division S)** likewise brought satisfactory results during 1977. Foreign activities were systematically continued in this field, notably through the formation of a manufacturing and selling organisation in Sao Paulo, Wacker Quimica do Brasil Ltda.

Sales by our European subsidiaries showed a gratifying increase and positive results were achieved by these various sales organisations.

Despite increased sales, **Wacker-Chemitronic GmbH** were only able to maintain turnover at the level of the previous year. The reasons are to be found in the decline of the American dollar and in a falling-off of prices.

Only **Elektroschmelzwerk Kempten GmbH** managed to achieve a gratifying turnover increase of 14%.

Notes to the Balance Sheet for 1977

Total operating performance by Wacker-Chemie GmbH amounted to 1.125 million DM (1.117 million DM), which was 0.7% above the previous year's figure. Expenditure on raw materials, auxiliaries and fuel amounted to 598 million DM, 0.7% less than during the previous year. The proportion of total performance decreased slightly to 53.9%.

The amount spent on our employees was 269 million DM (250 million DM), i.e. 10.8% more than during the previous year the proportion of total performance being 24%.

The net income for the fiscal year – 11.6 million DM – was unsatisfactory. Only 3.6 million DM could be put back into the general reserves to strengthen the capital stock. Dividends paid out during 1977 amounted to 8 million DM, compared with 12 million DM in the preceeding year.

The balance sheet total increased by 15 million DM to 591 million DM. On the assets side, fixed assets have increased by just under 4 million DM, current assets by about 11 million DM. On the liabilities side, equity continued to increase due to the introduction of 3.6 million DM into the general reserves.

Long-term liabilities show an increase, 19 million DM representing liabilities to banks. Short-term liabilities remain almost unchanged. Within this position however, provisions decreased, due to earnings.

Capital stock amounts to 220 million DM or 37.3% of the balance sheet. It covers the fixed assets to the extent of 83%. Capital stock and long-term debts cover the fixed assets by 64% and thus completely finance inventories. Liquid funds and short-term receivables cover the short-term liabilities and provisions, so that the company's liquidity at any time is assured.

The concern and world annual results differ but little from the parent company's annual results.

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Investments

During 1977, Wacker-Chemie GmbH spent 103 million DM on investments, with 100 million DM set aside for depreciation. The emphasis in the parent company's investment activities was on the original Burghausen works. After the successful conclusion of the first raw material conversion stage, the second stage was started according to plan. This provides for the construction of a vinyl acetate plant based on ethylene. Good progress was also made with work on the Wacker HDK plant. The many-sided silicone range was further extended and rounded off. Developments on the Vinnol, Vinnapas and copolymer ranges were systematically continued. About 20 million DM was spent on environmental problems at the Burghausen and Cologne factories. In Burghausen the biological sewage purification plant was put on stream. This, as a comparison, would be capable of purifying the sewage produced by a city with 300,000 inhabitants. In Cologne, the polyethylene plant as well as supply installations were further extended.

To assure the leading position of Wacker-Chemitronic, numerous investment projects were carried out.

During 1977, investments in subsidiaries increased by 1.7 million DM through the formation of a sales organisation in Great Britain, Wacker Chemicals UK Ltd., and a manufacturing and sales organisation for silicones in Brazil, Wacker Quimica do Brasil Ltda., with headquarters in Sao Paulo. Furthermore, a 100% subsidiary of Wacker-Chemitronic GmbH, "Heliotronic Forschungs- und Entwicklungsgesellschaft für Solarzellen-Grundstoffe mbH," was formed, which is engaged in research and development work on basic materials for solar cells, a project which is being promoted on a long-term basis by the German Federal Government.

Research expenditure and licenses

Because of the relatively modest increase in turnover and, on the other hand, the greatly increased employment cost, the percentage proportion of money spent by the parent company on research, measured on the basis of turnover, has increased from 4.4% to 4.8%. Expenditure has also increased in absolute terms and for the next few years, too, a high rate of expenditure for research is expected. This is necessary in order to adapt product quality to the fast changing demands by customers for constantly improved properties. This expenditure will help to provide an assured future for our employees and companies. The success of our continuing research efforts in the face of international competition is again reflected in the positive license situation. The surplus of 7.9 million DM results from receipts amounting to 14.1 million DM and expenditure of 6.2 million DM.

Employees

Education and Training

Special attention was given to the continuing training and education of employees, encouraging their efforts by means of numerous seminars and lectures. Reinforcement and training of outside technical service personnel, who play a decisive part in the company's success, was continued, both at home and abroad. Personal initiative on the part of employees to further their education, by means of financial grants was supported.

Pension Fund

In accordance with the new rules issued in 1972, the group provided another 16.8 million DM for the pension fund. In addition, the sum of 2.3 million DM has been passed to the pension reserve fund for the provision of old-age pensions for our employees. As in previous years, full use has been made of legal possibilities in the formation of this reserve fund.

The number of employees working for the group on December 31, 1977 represented an increase of 108, from 8453 to 8561 (1.3% increase).

The following breakdown shows the personnel employed by the group as applying on December 31, 1977.

	Manual workers	Staff	Trainees	Total
Wacker-Chemie GmbH	4044	2298	285	6627
Subsidiaries	1360	573	1	1934
	5404	2871	286	8561

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Wacker-Chemie GmbH
Balance Sheet as of December 31, 1977 (in DM)

Assets

	1/1/1977	Additions Reclassifications	Retirements	Depreciation	12/31/1977	12/31/76
	DM	DM	DM	DM	DM	1000 DM
Fixed assets and investments						
Property, plant, equipment, and intangibles						
Land and equivalent rights real property		R+ 12009104				
with office, factory, and buildings	28736992	9593	38184	9622060	31098445	28737
with residential buildings	919945	R− 47		49178	870720	920
		R− 412				
without buildings	3239785	5431	6922		3237882	3240
Buildings on land not owned	44741	—		3888	40853	45
Plant machinery and facilities	179379099	R+ 69949888	363006	79450410	169515571	179379
Plant and office equipment	7371204	R+ 6971189	84035	5232339	9026019	7371
		R− 88929722				
Construction in progress and advances for fixed assets	21076018	102768042	—	5300039	29614299	21076
Franchises, operating licenses, industrial property and similar rights	3692023	162820		343228	3511615	3692
	244459807	102945886	492147	100001142	246912404	244460
Investments						
Investment in subsidiaries and associated companies	13907107	1665581	—	39999	15532689	13907
Loans granted for contractual terms of 4 years or more	2796986	10000	443426	—	2363559	2797
to subsidiaries DM 329181						
secured by mortgages DM 1339085						
	16704093	1675581	443426	39999	17896248	16704
	261163900	104621467	935573	100041141	264808652	261164
Current assets						
Inventories						
Materials and supplies		DM 30189991				
Finished products and merchandise		DM 57079847		87269838		87768
Receivables and miscellaneous assets						
Advances to suppliers				6529512		591
Accounts receivable				123564976		118934
due after one year		DM —				
Notes receivable				6700551		6140
rediscountable at Bundesbank		DM 6607430				
Cash on hand, deposits at the Bundesbank and in postal checking accounts				1131105		839
Cash in banks				30835532		31240
Marketable securities				3546421		3563
Receivables from subsidiaries				55717311		60833
Loans subject to § 89, German Corporation Act				341303		343
Miscellaneous assets				9748183		4112
					325384732	575527
Prepaid expenses					524360	498
					590717744	576025

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Liabilities

		DM	DM	12/31/76 1000 DM
Capital stock			100000000	100000
General reserves		80000000		
Transfer from net income for the fiscal year 1977		3600000		
		83600000		80000
Reserve for raw material change Burghausen		15000000		15000
			98600000	95000
Special reserves				
Reserve pursuant to § 6b, Income Tax Act		493153		4370
Reserve pursuant to § 74, Income Tax Regulations		12103200		11927
Reserve pursuant to § 1, Act on Aid to Developing Countries		480000		–
			13076353	16297
Provisions				
Provision for pension plans		29469383		27471
Provision for maintenance		4744000		4135
Other provisions		38609484		54615
			72822867	86191
Liabilities with contractual terms of 4 years and more				
Bank loans		104674772		85615
secured by mortgages	DM –			
other loans		84843820		85010
secured by mortgages	DM 60000000			
Pos. 1 and 2 due within less than 4 years	DM 48555748			
			189518592	170625
Liabilities to outside pension fund			5032902	6011
Other liabilities				
Accounts payable		67740805		60426
Bank loans		21665		–
Liabilities to subsidiaries		13723446		9037
Miscellaneous liabilities		19966645		21912
			101452561	91375
Deferred income			2181858	3791
Net income available for distribution				
After transfer into general reserves		8032611	8032611	6735
Contingent liabilities on notes	DM 6478186			(13449)
Warranties	DM 13682500			(20340)
Guaranties	DM 99811			(100)
Property levy equalization of war burdens				
Present value	DM 2032037			(3579)
Quarterly installment	DM 417685			(418)
			590717744	576025

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Wacker-Chemie GmbH
The Managing Board

According to our audit, conducted with all due professional diligence, the accounting records, the financial statements, and the report to shareholders comply with the requirements set forth in the statute and in the Company's by-laws.

Munich, March 14, 1978

Süddeutsche Treuhand-Gesellschaft A.G.
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

gez. Dr. Sarx
Wirtschaftsprüfer

gez. ppa. Trump
Wirtschaftsprüfer

Wacker-Chemie GmbH
Statement of Income for the Period 1977 (in DM)

	DM	DM	12/31/76 1000 DM
Net sales		1100692048	1087887
Change in inventories of finished products and work in process		−1148463	+5854
in the cost of unbilled contracts, and in equipment leased to customers		25346670	23402
Total operating performance		1124890255	1117143
Less–cost of materials, supplies, and merchandise		598403864	602623
Gross result from operations		526486391	514520
Income under profit-and-loss transfer agreements	14968574		28714
Income from investment in shares of subsidiaries and associated companies	3565111		3631
Income from other investments	219373		245
Other interest and similar income	3632124		4614
Gains on disposal of fixed assets and investments	584278		271
Credit to income from elimination of provisions	3532526		15943
Credit to income from elimination of special reserves	3950649		3295
Miscellaneous income including extraordinary income DM 8265699	66701915		59482
		97154550	116195
		623640941	630715
Wages and salaries	219172530		199520
Statutory social welfare contributions	30478314		28909
Expense related to pension plans and other employee benefits	19756122		21573
Depreciation of property, plant, and equipment	100001142		93287
Writedown of investments	39999		–
Valuation adjustments on, and losses from the disposal of, current assets (except equipment leased to customers and inventories)	10498415		7687
Losses on disposal of fixed assets and investments	431900		212
Interest and similar expenses	13050153		12375
Taxes			
on income, net assets, and real property DM 43012171			
Other taxes DM 563636	43575807		63444
Property levy for equalization of war burdens	1670739		1671
Transfer to special reserves	730332		303
Miscellaneous expenses	172646461		169770
		612051914	598751
Net income for the fiscal year		11589027	31964
Balance brought forward from previous year		43584	80
		11632611	32044
Net income transferred to retained earnings		3600000	20000
		8032611	12044
Prepaid dividend		–	5309
Net income available for distribution		8032611	6735

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Consolidated Balance Sheet as of December 31, 1977 (in DM)
Wacker-Chemie GmbH, München

Assets

		12/31/1977 DM	12/31/76 1000 DM
Fixed assets and investments			
Property, plant, equipment, and intangibles			
Land and equivalent rights to real property			
with office, factory, and other buildings		38152523	36457
with residential buildings		3576418	3678
without buildings		3823403	3825
Plant machinery and facilities		183191418	194641
Plant and office equipment		11148536	9130
Construction in progress and advances for fixed assets		30913619	21647
Franchises, operating licenses, industrial property and similar rights		2788524	2951
		273594441	272329
Investments			
Investment in subsidiaries and associated companies		7619367	6014
Loans granted for contractual terms of 4 years or more		5265517	5716
to subsidiaries	DM 2928600	12884886	11730
secured by mortgages	DM 1586658	286479327	284059
Current assets			
Inventories		132763032	129549
Receivables and miscellaneous assets			
Advances to suppliers		6529512	625
Accounts receivable		144757697	151161
due after one year	DM –		
Notes receivable		7077660	6684
rediscountable at Bundesbank	DM 6984539		
Cash on hand, deposits at the Bundesbank and in postal checking accounts		1290532	977
Cash in banks		32173233	32232
Marketable securities		3546421	3565
Checks		45837	372
Receivables from subsidiaries		18103433	17620
Loans subject to § 89, German Corporation Act		341303	343
Miscellaneous assets		10100914	4462
		356729574	347590
Prepaid expenses		572588	563
		643781489	632212

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Liabilities

		DM	12/31/1977 DM	12/31/76 1000 DM
Capital stock			100000000	100000
General reserve		83600000		
Reserve for raw material change Burghausen		15000000	98600000	95000
Special reserves				
Reserve pursuant to § 6b, Income Tax Act		493153		
Reserve pursuant to § 74, Income Tax Regulations		13025343		
Reserve pursuant to § 1, Act on Aid to Developing Countries		480000	13998496	17219
Consolidation fund			12846229	10753
Minority interests			28333	21
Provisions				
Provision for pension plans		30361832		
Provision for maintenance		5727230		
Other provisions		47088021	83177083	95839
Liabilities with contractual terms of 4 years and more				
Bank loans				
secured by mortgages	DM —		111315334	
Other loans				
secured by mortgages	DM 69646557			
Position 1 and 2 due within less than 4 years	DM 53669315		94490377	205805711	187148
Liabilities to outside pension fund			5032902	6012
Other Liabilities				
Accounts payable		72323648		
Bank loans		8064692		
Liabilities to subsidiaries		520427		
Miscellaneous liabilities		28175520	109084287	105384
Deferred income			2181858	3791
Net income consolidated				
Net income available for distribution after transfer into general reserves			13026590	11075
Contingent liabilities on notes		(7924512)		(14515)
Warranties		(13682500)		(20340)
Guaranties		(99811)		(100)
Property levy for equalization of war burdens				
Present value		(2213431)		(3899)
Quarterly installment		(454950)		(455)
			643781489	632212

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Wacker-Chemie GmbH
The Managing Board

According to our audit, conducted with all due professional diligence, the consolidated financial statements and the report relating thereto comply with all statutory requirements.

Munich, March 14, 1978

Süddeutsche Treuhand-Gesellschaft A.G.
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

gez. Dr. Sarx
Wirtschaftsprüfer

gez. ppa. Trump
Wirtschaftsprüfer

Consolidated Statement of Income for the Period 1977 (in DM)
Wacker-Chemie GmbH, München

		DM	DM	12/31/76 1000 DM
Net sales		1299572499		1278193
Change in inventories of finished products and work in process, in the cost of unbilled contracts, and in equipment leased to customers		1778653		8999
		25682385		23727
Total operating performance			1327033537	1310919
Less–cost of materials, supplies, and merchandise			639358955	641452
Gross result from operations			687674582	669467
Income from investment in shares of subsidiaries and associated companies		2585224		2651
Income from other investments		373960		401
Other interest and similar income		1647249		2175
Gains on disposal of fixed assets and investments		589529		742
Credit to income from elimination of provisions		3992597		16239
Credit to income from elimination of special reserves		3950649		3300
Miscellaneous income including extraordinary income	DM 9322813	37371717	50510925	35223
			738185507	730198
Wages and salaries		276954680		250963
Statutory social welfare contributions		39071653		36529
Expense related to pension plans and other employee benefits		23321644		24988
Depreciation of property, plant, and equipment		106058382		99463
Writedown of investments		39999		–
Valuation adjustments on, and losses from the disposal of, current assets (except equipment leased to customers and inventories)		12426938		9494
Losses on disposal of fixed assets and investments		432287		228
Interest and similar expenses		14147634		13498
Taxes				
on income, net assets, and real property	DM 45037274			
Other taxes	DM 571594	45608868		65598
Property levy for equalization of war burdens		1819799		1820
Transfer to special reserves		730332		303
Miscellaneous expenses		203230397	723842613	194451
Net income for the fiscal year			14342894	32753
Net income transferred to retained earnings			3600000	20000
Balance brought forward from previous year			2283696	3631
			13026590	16384
Prepaid dividend			–	5309
Net income consolidated			13026590	11075

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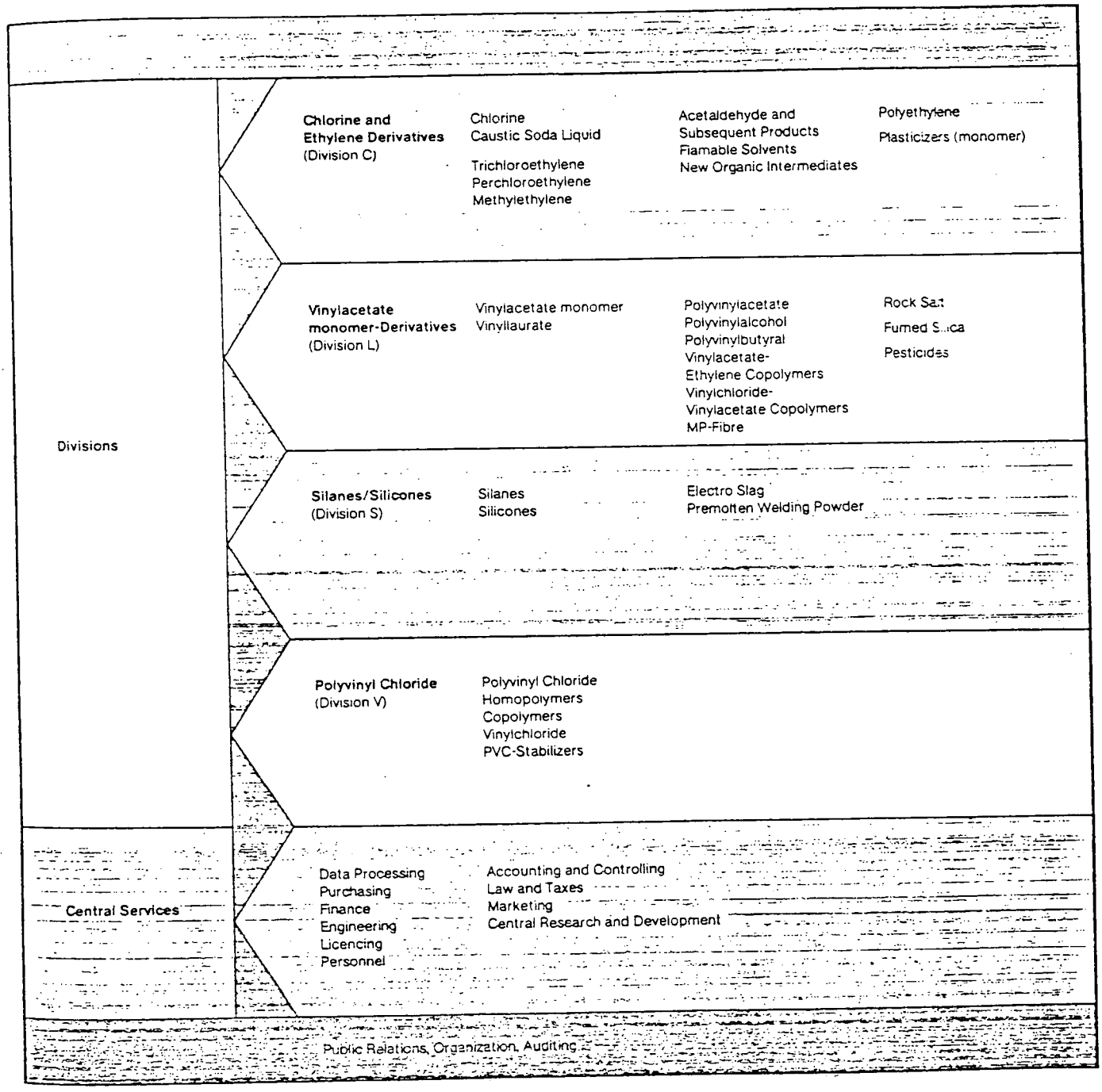
Organization



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CERTIFICATE AS TO AUTHORIZED COMPANY REPRESENTATIVE

I, the undersigned, Vice President of Wacker Siltronic Corporation (the "Company"), hereby certify as follows:

1. Dr. Hans Herrmann has been designated as the Authorized Company Representative and Virgina Gilbert has been designated as an alternate Authorized Company Representative to take all action and execute all certificates pursuant to the provisions of the Installment Sale Agreements between the Port of Portland (the "Port") and the Company, dated as of April 15, 1979, securing the Port's

   i) Pollution Control Revenue Bonds, Series A (Wacker Siltronic Corporation);

   ii) Industrial Revenue Bonds, Series A (Wacker Siltronic Corporation).

2. The manual signatures are as follows:

Name	Signature
Dr. Hans Herrmann	H. Herrmann
Virgina Gilbert	Virginia Gilbert

A copy of this certificate shall be filed with the Trustee.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation this 26 day of April, 1979.

H. Herrmann
Vice President

SCOEPA00001876

CERTIFICATE REQUIRED BY SECTION 2.3(f)(v)

OF THE BOND PURCHASE AGREEMENT

We, the undersigned President and Treasurer, respectively, of Wacker Siltronic Corporation, DO HEREBY CERTIFY:

1. That we are duly appointed officers on the capacities indicated above of Wacker Siltronic Corporation (the "Company"), and as such have knowledge of the facts set forth herein.

2. That to the best of our knowledge after reasonable investigation, the representations and warranties made by the Company in the Letter of Indemnity ("Letter") executed and delivered by the Company and accepted by The Port of Portland and ABD Securities Corporation and Europartners Securities Corporation attached hereto, are true and correct as if made at and as of the date hereof.

3. That to the best of our knowledge after reasonable investigation, the Company has complied with all agreements and satisfied all conditions set forth in the Letter on its part to be performed or satisfied at or prior to the date hereof.

4. That to the best of our knowledge after reasonable investigation, no litigation is pending or threatened against the Company;

(A) to restrain or enjoin the issuance or delivery of any of the Bonds (as defined in the Letter) or the application of the proceeds thereof, or the payment, collection or application of payments pursuant to the Installment Sale Agreements, the Ordinance or the Guarantees, (each as defined in the Letter), or

(B) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinance, the Installment Sale Agreements, the Guarantees, the Bond Purchase Agreement (each as defined in the Letter), the application of the proceeds of the Bonds or the payment, collection or application of revenues or payments pursuant to the Installment Sale Agreements, the Ordinance or the Guarantees.

IN WITNESS WHEREOF, we have hereunto set our hands this 24 day of April, 1979.

_____
President

_____
Treasurer

WACKER SILTRONIC CORPORATION
200 S.W. MARKET STREET SUITE 1130
PORTLAND, OREGON 97201

April 26, 1979

Mudge Rose Guthrie & Alexander
20 Broad Street
New York, New York 10005

Gentlemen:

Attached hereto as Annex A is a list of facilities (the "Facilities"), which are air and water pollution control facilities within the meaning of section 103 (b) (4) (F) of the Internal Revenue Code of 1954, as amended, (the "Code") and which will be constructed acquired and installed at the Wacker Siltronic Plant (the "Plant") of Wacker Siltronic Corporation ("Wacker"), located in Portland, Oregon.

Each of the Facilities is a unit which is discrete and which is used in whole or in part to abate or control water or atmospheric pollution or contamination by removing, altering, disposing or storing pollutants, contaminants, waste or heat (hereinafter individually and collectively referred to as "pollutants") and which cannot be further reduced in size without losing one or more of such characteristics. As used herein, the term "pollutant" does not include any material or heat unless such material or heat is in a state or form such that its discharge or release would result in water or atmospheric pollution or contamination. Thus, each of the Facilities: (1) is not property that avoids the creation of pollutants; (2) is not property which is used solely for the processing or manufacturing of material or heat after such material

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or heat is no longer a pollutant; (3) does not treat or process a material in such a manner as to prevent the discharge or release of pollutants when such material is subsequently used; and (4) is not property that removes elements or compounds from fuels which would be released as pollutants when such fuels are burned.

All of the property comprising the Facilities: (1) is land, or property of a character subject to the allowance for depreciation provided in Section 167 of the Code and has a useful life in the hands of Wacker of more than one year; and (2) either (a) is to be used, in whole or in part, to abate or control water or atmospheric pollution or contamination by removing, altering, disposing or storing pollutants as described above, or (b) is functionally related and subordinate to one or more items of property described in clause (2) (a) of this sentence and is of a character and size commensurate with the character and size of the property to which such property is functionally related and subordinate.

Each of the Facilities: (1) is designed to control, and will serve the function of controlling pollution resulting from substances that, but for the installation of such Facilities, would be released or discharged in the normal course of operations at the Plant and (2) is of the size and capacity not in excess of the size or capacity required to control the amount of such discharge or release that occurs in the normal course of operations at the Plant.

None of the Facilities: (1) is designed to prevent the release of pollutants in a major accident, or (2) prevents the release of materials or heat which would endanger Wacker's employees.

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None of the Facilities: (1) is used to control materials or heat that traditionally have been controlled because their release would constitute a nuisance under the laws of the State of Oregon or any other political subdivision having jurisdiction over the Facilities; (2) controls the release of hazardous materials or heat generated by a Plant process that would cause an immediate risk of substantial damage or injury to property or persons; or (3) controls materials or heat in essentially the same manner as Wacker has previously controlled such material or heat as a customary practice for reasons other than compliance with pollution control requirements.

The Oregon Department of Environmental Quality, the agency exercising jurisdiction, has certified that the Facilities, as designed, are in furtherance of the purpose of abating or controlling atmospheric pollutants or contaminants, or water pollution, as the case may be.

Except as hereafter described, the acquisition, construction and installation of all or any portion of the Facilities will not result: (1) in any increase in production or capacity at the Plant; (2) in any material extension of the economic useful life of any manufacturing or production facility or any part thereof; (3) in any decrease in the cost of operation or maintenance of any manufacturing or production facility, or any other costs related thereto; (4) in making unnecessary the use of any property which would otherwise be necessary but for the use of the property which controls pollution or (5) in the realization of any other economic benefit,

such as gross income or cost savings resulting from the production of a by-product, use, reuse or recycling of items recovered.

The Trichloroethylene Control System will result in the yearly recovery of $180,000 worth of trichloroethylene. The incremental cost of the Trichloroethylene Control System allocable to the control of pollution, determined by application of the formula Y/c+E found in Proposed Treasury Regulations section 1.103-8(a) (3) (iii) is $399,809.

The determination of the incremental cost of the Trichloroethylene Control System allocable to the control of pollution is based upon the following: (1) Wacker's cost of the Trichloroethylene Control System will equal $992,200.- This amount includes the portion of the costs of primary switching gear attributable to the Trichloroethylene Control System; (2) The useful life of the Trichloroethylene Control System will be seven years with no salvage value. The Trichloroethylene Control System will be placed in service no earlier than January 1, 1980; (3) The investment tax credit will equal 10% of Wacker's cost of the facility. The investment tax credit will be taken no earlier than the fifth year following the year in which the facility is placed in service; (4) Wacker's taxable borrowing rate for capital construction, determined as of a date within 90 days preceding the date hereof is 11.0%; (5) Wacker's estimated yearly expenses of operating and maintaining the Trichloroethylene Control System including utilities, labor and insurance expenses will equal $74,628.

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The Cooling Water Treatment Plant will make unnecessary the use of a "once through" water system. The cost of acquisition and installation of such a system is estimated to be $198,000. The incremental cost of the Cooling Water Treatment Plant allocable to the control of pollution determined by application of the formula Y/C+E (where Y = C'+E') found in Proposed Treasury Regulations section 1.103-8(g) (3) (iii) is $269,500.

The determination of the incremental cost of the Cooling Water Treatment Plant allocable to the control of pollution is based upon the following: (1) Wacker's cost of the Cooling Water Treatment Plant will equal $467,500; (2) The useful life of the Cooling Water Treatment Plant will be seven years with no salvage value. The Cooling Water Treatment Plant will be placed in service no earlier than January 1, 1980; (3) The investment tax credit will equal 10% of Wacker's cost of the facility. The investment tax credit attributable to the Cooling Water Treatment Plant will be taken no earlier than the fifth year following the year in which the facility is placed in service. (4) Wacker's taxable borrowing rate for capital construction, determined as of a date within 90 days preceding the date hereof is 11.0%; (5) Wacker's yearly estimated expenses in operating and maintaining the Cooling Water Treatment Plant including utilities, labor and insurance expense will equal $35,162; (6) Wacker's yearly estimated expenses in operating and maintaining a "once through" water system including utilities, labor and insurance expense will be $14,892.

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No physical work on the manufacture or fabrication of any of the Facilities had commenced on or prior to May 24, 1978 and no equipment to be included as a component of any of the Facilities had been acquired or delivered to the Plant site prior thereto. No other physical work at the Plant site for purpose of constructing, installing or equipping any of such Facilities has been commenced on or prior to such date. The Port of Portland on such date in order to induce the construction or acquisition of pollution control facilities at the Plant, adopted its resolution determining to issue one or more series of revenue bonds (the "Bonds") and to use the proceeds thereof to finance the acquisition and construction of such pollution control facilities.

Prior to one year prior to the date of issuance of the Bonds, neither the Facilities nor any part thereof will have been operated at substantially the level for which they were designed.

This letter and Annex A attached hereto have been reviewed for completeness and accuracy by Dr. Horst Kutzer and Dr. Hans Herrmann, who are the employees of Wacker responsible for supervision of the design, construction and acquisition of the Facilities. The statements contained herein and in Annex A attached hereto fully and accurately represent the facts as known to Wacker or the reasonable expectations of Wacker, and no information is available to has been omitted herefrom or from Annex A attached hereto, the omission of which would tend to render misleading any of the statements contained herein or in Annex A attached hereto in the circumstances in which they are made.

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All dollar figures contained herein are based upon actual or invoice prices, or represent Wacker's best available estimates.

Very truly yours,

WACKER SILTRONIC CORPORATION

By: _____
Vice-President

ANNEX A

DESCRIPTION OF THE FACILITIES

No_x Scrubber:

The No_x Scrubber will remove from the air No_x contamination resulting from the etching of silicon crystals with various acids including nitric acid. Ducts will collect the contaminated air and send it to the scrubber where it will be washed with water and chemicals. The resulting purified air will then be sent to the atmosphere and the contaminated water will be sent to the Waste Water Treatment Plant.

Included in the property to be financed for this system is the cost of an IPS (Immediate Power Supply) System consisting of battery equipment, and a UPS (Uninterrupted Power Supply) System primarily consisting of a diesel generator. These two sources of alternate power supply are designed to remove and purify No_x contaminated air from etching areas which may remain subsequent to a general plant power failure. The battery equipment will operate during the short start-up period necessary for the diesel generator. Total estimated costs of this facility including installation, instrumentation, and foundation are $374,000.

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Trichloroethylene Control System:

The Trichloroethylene Control System is designed to remove solvent contamination resulting from certain cleaning procedures, especially trichloroethylene, from air and water emanating from the plant.

This System collects contaminated vapors, including trichloroethylene and removes them from the air in special towers through the use of carbon and steam. The contaminated steam as well as other trichloroethylene contaminated plant water is then specially treated to remove the trichloroethylene from the water because this operation cannot be handled in the Waste Water Treatment Plant. The purified water is then sent to the Portland Sewer System. Total estimated costs of this facility including the costs of the equipment, instrumentation, and foundation are $992,200.

Dust Separation System:

This System filters sand particles from the air. The sand results from sand blasting in certain areas done for cleaning purposes. Total estimated costs of the facility are $16,500.

Waste Water Treatment Plant:

This facility is designed to remove various pollutants in the waste water coming from the plant, including acids, alkalis, solvents and solids. Purification is achieved by such methods as neutralization, sedimentation of organics and solid separation, depending upon the particular contaminant involved. Total estimated costs for this facility including buildings, equipment, piping material, installation, electrical, instrumentation and collecting

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system are $1,603,800.

Cooling Water Treatment System:

Water will run through various equipment to keep equipment temperature down. To prevent thermal pollution which would otherwise result upon return of this water to the Williamette River, the water is cooled. If the water temperature after treatment is sufficiently low to be again used for equipment cooling purposes, it will be recycled through the equipment. Otherwise it will be returned to river. Total estimated costs of the facility including equipment, installation, foundation, piping, instrumentation and electrical are $467,500.

Storage Tanks with Special Foundations:

Storage tanks will hold waste chemicals (solvents and acids) prior to their disposal. As a precaution to prevent contamination of the ground water, special concrete foundations will be used underneath the storage tanks. Total estimated costs of this facility are $139,000.

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CERTIFICATE AS TO INSURANCE COVERAGE

I, Hans Hermann, Vice President of Wacker Siltronic Corporation, (the "Company") DO HEREBY CERTIFY, that the requirements of Section 3.07 of the Installment Sale Agreements concerning insurance, dated as of April 15, 1979, between the Company and the Port of Portland, Oregon, are fulfilled as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Company this 25 day of April, 1979.

H Hermann

Vice President

[SEAL]

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2.10

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, WACKER SILTRONIC CORPORATION, a corporation duly organized and existing under and by virtue of the laws of the State of Oregon, party of the first part, for and in consideration of the sum of Ten ($10.00) Dollars and other good and valuable consideration to it in hand paid by the The Port of Portland, a municipal corporation of the State of Oregon, party of the second part, the receipt whereof is hereby acknowledged, has bargained and sold and by these presents does grant and convey unto the said party of the second part, its successors and assigns, all of the right, title and interest of the party of the first part in and to the property described in Exhibit A attached hereto and hereby made a part hereof, which is located at the plant of the party of the first part in Portland, Oregon.

TO HAVE AND TO HOLD the same, unto the said party of the second part, its successors and assigns forever and the said party of the first part for itself, its successors and assigns, covenants and agrees to and with the said party of the second part its successors or assigns, to warrant and defend the sale of said property hereby made unto the said party of the second part, its successors and assigns against all and every person or persons whomsoever.

IN WITNESS WHEREOF, the party of the first part has caused its corporate name to be hereunto subscribed by its Vice President, and its corporate seal hereunto affixed, attested by its Secretary, this 17th day of April, 1979.

WACKER SILTRONIC CORPORATION

By: _____
Vice President

(SEAL)

ATTEST:

_____
Secretary

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project will be located at the Corporation's Plant, located in Portland, Oregon, and will consist of the following air and water pollution control facilities:

1. NOx Scrubber and Related Alternate Power Supply System.

2. Trichloroethylene Control System.

3. Dust Separation System.

4. Waste Water Treatment System.

5. Cooling Water Treatment System.

6. Pollution Storage Tanks and Special Foundations.

7. Primary Switch Gear for the NOx Scrubber, Trichloroethylene Control System and Waste Water Treatment Plant.

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HENRY S. CONSTON
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GEORGE BERLSTEIN
JON A. LEHMAN
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J. FREDERICK BERG, JR.
RICHARD E. SCHNEYER

BERNARD R. DIAMOND
HEIDI B. DUERBECK
DANIEL C. EDMUNDSON
PETER R. ENGELHARDT
CLIFFORD A. RATHKOPF, JR.

April 26, 1979

IN REPLY REFER TO

To the purchasers named in Appendix A
to this opinion (the "Purchasers") and the

Port of Portland, Oregon

Re: The Port of Portland Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project); The Port of Portland Industrial Development Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project)

Dear Sirs:

We are special counsel to Wacker Siltronic Corporation (the "Corporation"), a Delaware corporation, and have acted as such in connection with the sale by the Port of Portland ("Port") to the Purchasers this day of (a) $1,000,000 principal amount of the Port's Industrial Development Revenue Bonds, 1979 Series, (Wacker Siltronic Corporation Project) and (b) $3,430,000 principal amount of the Port's Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project), (such bonds being herein collectively the "Bonds") and the Corporation's execution of (a) Installment Sale Agreements, each dated as of April 15, 1979 ("Installment Sale Agreements") between the Corporation and the Port relating thereto (each of the terms used herein having the meaning as defined therein) and (b) a Letter of Indemnity among the Port, the Corporation, ABD Securities Corporation, Europartners Securities Corporation, Wacker Chemical Corp. and Wacker-Chemie GmbH ("Letter of Indemnity").

In so acting, we have examined and relied upon the representations and warranties as to the factual matters contained in the Installment Sale Agreements and upon originals or copies, certified or otherwise identified to our satisfaction, of such corporate records, documents,

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certificates and other instruments, and such factual information otherwise supplied to us by the Corporation, as in our judgment are necessary or appropriate to enable us to render the opinion expressed below.

Based upon the foregoing and having regard for such legal considerations as we have deemed relevant, we are of the opinion that:

(1) The Corporation is a corporation duly organized, validly existing and in good standing under the laws of Delaware; the Corporation has full corporate power to execute and deliver, and perform its obligations under the Installment Sale Agreements and the Letter of Indemnity; and the Corporation is duly qualified to do business and in good standing in the State of Oregon;

(2) The Installment Sale Agreements have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Corporation enforceable in accordance with their terms (subject to bankruptcy and other laws affecting the enforcement of creditors' rights generally and equitable principles at the time in effect governing the remedy of specific performance);

(3) The Letter of Indemnity has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Corporation and has not been terminated by the Corporation;

(4) No authorization, approval, consent or other order of any governmental authority or agency other than the Port or of any other entity or person (or persons) is required for the valid authorization, execution and delivery of the Installment Sale Agreements and the Letter of Indemnity by the Corporation;

(5) To the best of our knowledge there is no litigation pending or threatened against the Corporation: (i) to restrain or enjoin the issuance or delivery of any of the Bonds, or the application of the proceeds thereof, or the payment, collection or application of payments or other revenues pursuant to the Installment Sale Agreements or the Ordinances, (ii) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinances, the Installment Sale Agreements, the Letter of Indemnity, the Guarantees, the Agency Agreement, the Bond Purchase Agreements, the application of the proceeds of the Bonds or the payment, collection or application of payments or other revenues pursuant to the Installation Sales Agreements, the Ordinances or the Guarantees, or (iii) in any way contesting

the right and power of the Port to cause to be constructed the Projects, as described in the Installment Sale Agreements;

(6) The execution and delivery of the Installment Sale Agreements and the Letter of Indemnity and the fulfillment of their terms and provisions by the Corporation will not: (i) to the best of our knowledge conflict with, violate or result in a breach of any law or any administrative regulation or court decree applicable to the Corporation, (ii) conflict with, or result in a breach of, or constitute a default under the Articles of Incorporation or By-Laws of the Corporation or the laws of the State of Delaware or to the best of our knowledge any indenture, mortgage, deed of trust, agreement or other instrument to which the Corporation is a party, or by which it is bound, or to the best of our knowledge any order, rule or regulation applicable to the Corporation of any court or other governmental body, or (iii) to the best of our knowledge result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation pursuant to the terms of any such indenture, mortgage, deed of trust or other instrument;

(7) To the best of our knowledge subject to those liens and encumbrances, including inchoate rights such as mechanics' and materialmen's lien rights, existing on the date of execution and delivery of the Installment Sale Agreements, the Port has acquired all the right, title and interest of the Corporation in and to such components of the Projects as have been completed or work on which is in progress at the time of execution of the Installment Sale Agreements;

(8) To the best of our knowledge the operation of the Projects, in the manner presently contemplated and described in the Ordinance and Installment Sale Agreements will not conflict with any present State of Oregon zoning, water or air pollution standards applicable thereto.

In giving the opinion set forth in Paragraphs (2) through (7) above, we have with your consent relied on the opinions of Messrs. Miller, Anderson, Nash, Yerke & Wiener, dated today and attached hereto as Exhibit A and B as to all matters of Oregon law. Further, in giving the opinion set forth in Paragraph 8 above, we have with your consent relied on the opinion of Messrs. Ragen, Roberts and O'Scannlain.

Very truly yours,

Walter, Conston, Schurtman & Gumpel, P.C.

WALTER, CONSTON, SCHURTMAN
& GUMPEL, P.C.

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Appendix A

1. First National Bank of Oregon

2. Commerzbank AG, New York

3. Dresdner Bank AG, New York

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CURTIS W. CUTSFORTH
MAURICE O. GEORGES
MARK C. McCLANAHAN
CLIFFORD N. CARLSEN, JR.
DONALD R. HOLMAN
KENNETH W. HERGENHAN
WILLIAM B. CROW
HARVEY C. BARRAGAR
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ROY F. GORSKI, JR.
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JOHN J. DeMOTT
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THOMAS C. SAND
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JEREMIAH A. DENTON III
ELIZABETH G. PATTERSON
JOHN A. LUSKY
EVERETT R. MORELAND
JOHN F. NEUPERT
ROGER P. JAUCH
MARY ANN FRANTZ

April 26, 1979

Walter, Conston, Schurtman &
Gumpel, P.C.
Attorneys at Law
280 Park Avenue
New York, New York 10017

Subject: Port of Portland Pollution Control
Revenue Bonds 1979 Series
(Wacker Siltronic Corporation project)

Gentlemen:

You have requested our opinion as local counsel in the state of Oregon for Wacker Siltronic Corporation (the "Corporation") with respect to certain matters of Oregon law in connection with a Bond Purchase Agreement covering the subject bonds.

In rendering our opinion, we have reviewed a Bond Purchase Agreement dated April 15, 1979, by and between the Port of Portland (the "Port") and certain purchasers (the "Bond Purchase Agreement"), a Guarantee Agreement between Wacker Chemical Corporation (the "Guarantor") and First National Bank of Oregon as trustee dated April 15, 1979, with respect to the subject bonds (the "Guarantee"), an Installment Sale Agreement between the Port and the Corporation dated as of April 15, 1979 (the "Sale Agreement"), Ordinance No. 245 enacted by the Port March 14, 1979, (the "Ordinance"), an Agency Agreement among the Port and ABD Securities Corporation and EuroPartners Securities Corporation (the "Agency Agreement"), and Letter of Indemnity among the Port, ABD Securities Corporation, EuroPartners Securities Corporation, the Guarantor and Wacker-Chemie GmbH (the "Letter of Indemnity"). We have also examined such records of the Corporation and public agencies as deemed relevant for purposes of this opinion.

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On the basis of such examination and having due regard for applicable legal considerations, it is our opinion that

1. The Sale Agreement constitutes a valid and legally binding obligation of the Corporation enforceable in accordance with its terms (subject to bankruptcy and other laws affecting enforcement of creditors' rights generally);

2. The Letter of Indemnity constitutes a valid and legally binding obligation of the Corporation;

3. No authorization, approval, consent or other order of any governmental authority or agency of the state of Oregon other than the Port is required for the valid authorization, execution and delivery of the Sale Agreement and the Letter of Indemnity by the Corporation;

4. There is no litigation pending, or to our knowledge, threatened against the Corporation in the Circuit Court of the State of Oregon for Multnomah County, or the U. S. District Court for the District of Oregon: (i) to restrain or enjoin the issuance or delivery of any of the subject Bonds, or the application of the proceeds thereof, or the payment, collection or application of payments or other revenues pursuant to the Sale Agreement or the Ordinance, (ii) in any way contesting or affecting any authority for or the validity of the subject Bonds, the Ordinance, the Sale Agreement, the Letter of Indemnity, the Guarantee, the Agency Agreement, the Bond Purchase Agreement, the application of the proceeds of the subject Bonds or the payment, collection or application of payments or other revenues pursuant to the Sale Agreement, the Ordinance or the Guarantee, or (iii) in any way contesting the right and power of the Port to cause to be constructed the Project as described in the Sale Agreement;

5. The execution and delivery of the Sale Agreement and the Letter of Indemnity and the fulfillment of their terms and provisions by the Corporation will not conflict with, violate or result in a breach of any law of the state of Oregon or any administrative regulation of any governmental agency of the state of

Oregon or court decree of the Circuit Court of the State of Oregon for Multnomah County or the U. S. District Court for the District of Oregon applicable to the Corporation;

6. The Corporation has obtained all necessary zoning, water and air pollution permits for the operation of the Project in the manner presently contemplated as described in the Ordinance and the Sale Agreement. The Project is a permitted use under the Zoning Code of the City of Portland. The Project is located wholly within the jurisdiction of the Port;

7. Subject to those liens and encumbrances (including inchoate rights such as mechanic's and materialmen's lien rights) existing on the date of execution and delivery of the Sale Agreement, the Port has acquired all the right, title and interest of the Corporation in and to such components of the Project (as defined in the Sale Agreement) as have been completed or work which is in progress at the time of execution and delivery of the Sale Agreement;

8. The Guarantee constitutes a valid and legally binding obligation of the Guarantor enforceable in accordance with its terms (subject to bankruptcy and other laws affecting enforcement of creditors' rights generally);

9. The Letter of Indemnity constitutes a valid and legally binding obligation of the Guarantor;

10. No authorization, approval, consent or other of any governmental authority or agency of the state of Oregon other than the Port is required for the valid authorization, execution and delivery of the Guarantee and the Letter of Indemnity by the Guarantor;

11. There is no litigation pending or, to our knowledge, threatened against the Guarantor in the Circuit Court of the State of Oregon for Multnomah County or the U. S. District Court for the District of Oregon: (i) to restrain or enjoin the issuance

or delivery of any of the subject Bonds, or the application of the proceeds thereof, or the payment, collection or application of payments or other revenues pursuant to the Sale Agreement, the Ordinance or the Guarantee, (ii) in any way contesting or affecting any authority for or the validity of the subject Bonds, the Ordinance, the Sale Agreement, the Guarantee, the Bond Purchase Agreement, the Letter of Indemnity, the application of the Proceeds of the subject Bonds or the payment, collection or application of payment or other revenues pursuant to the Sale Agreement, the Ordinance or the Guarantee, or (iii) in any way contesting the right and power of the Port to cause to be constructed the Project as described in the Sale Agreement;

12. The execution and delivery of the Guarantee and the Letter of Indemnity and the fulfillment of their terms and provisions by the Corporation will not conflict with, violate or result in a breach of any law of the state of Oregon or any administrative regulation of a governmental agency of the state of Oregon or court decree of the Circuit Court of the State of Oregon for Multnomah County or the U. S. District Court for the District of Oregon applicable to the Guarantor.

For the purposes of the foregoing opinion, we have assumed the due authorization, execution and delivery of all documents. We have also assumed that all parties have the requisite power to enter into the transactions contemplated by the documents referred to above.

The foregoing opinion is limited to Oregon law. We express no opinion as to the law which will be applicable in the event that a proceeding is instituted in any other jurisdiction with respect to the documents referred to above.

Very truly yours,

MILLER, ANDERSON, NASH, YERKE & WIENER

By Harvey C Barragar

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VICTORIA SHORT BALM

April 26, 1979

WALTER, CONSTON, SCHURTMAN
& GUMPEL, P.C.
Attorneys at Law
Park Avenue
New York, New York 10017

Re: The Port of Portland Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project); The Port of Portland Industrial Development Revenue Bond, 1979 Series (Wacker Siltronic Corporation Project)

Gentlemen:

You have requested our opinion as Special Local Counsel in the State of Oregon for Wacker Siltronic Corporation (the "Corporation") with respect to Section 2.3(f)(vi)(G) of two Bond Purchase Agreements dated April 15, 1979 between the Port of Portland, Oregon and the First National Bank of Oregon, Commerzbank and Dresdner Bank.

In that connection we have examined relevant public records, Ordinances Nos. 245 and 246 of the Port of Portland enacted on March 14, 1979, and Installment Sale Agreements between the Port of Portland and Wacker Siltronic Corporation dated as of April 15, 1979.

From our examination of the foregoing we have ~~determined that the Corporation has obtained~~ all necessary water and air pollution permits for the operation of the project as defined in each of the Installment Sale Agreements between the Port and the Corporation dated as of April 15, 1979. The project has been granted a conditional use permit by the City of Portland subject to landscaping, design and building and occupancy permit conditions, and the project is located wholly within the jurisdiction of the Port.

We are, therefore, of the opinion that the operation of the project in the manner presently contemplated and described in the Ordinances and the Sale Agreements will not conflict with any State of Oregon zoning, water or air pollution standards applicable thereto.

Very truly yours,

RAGEN, ROBERTS & O'SCANNLAIN

Ragen, Roberts & O'Scannlain

SCOEPA00001903

SECRETARY'S CERTIFICATE RE RESOLUTIONS

I, Dr. Ernst Stiefel, Secretary of Wacker Chemical Corp., a corporation organized and existing under the laws of the State of New York, do hereby certify that the foregoing is a full, true and correct copy of an extract of resolutions duly adopted by the Board of Directors and Shareholder of said Corporation on the 17th day of April, 1979.

I do further certify that said resolutions have not been rescinded, annulled or revoked and that the same are in full force and effect.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the corporate seal of said Corporation this day of , 1979.

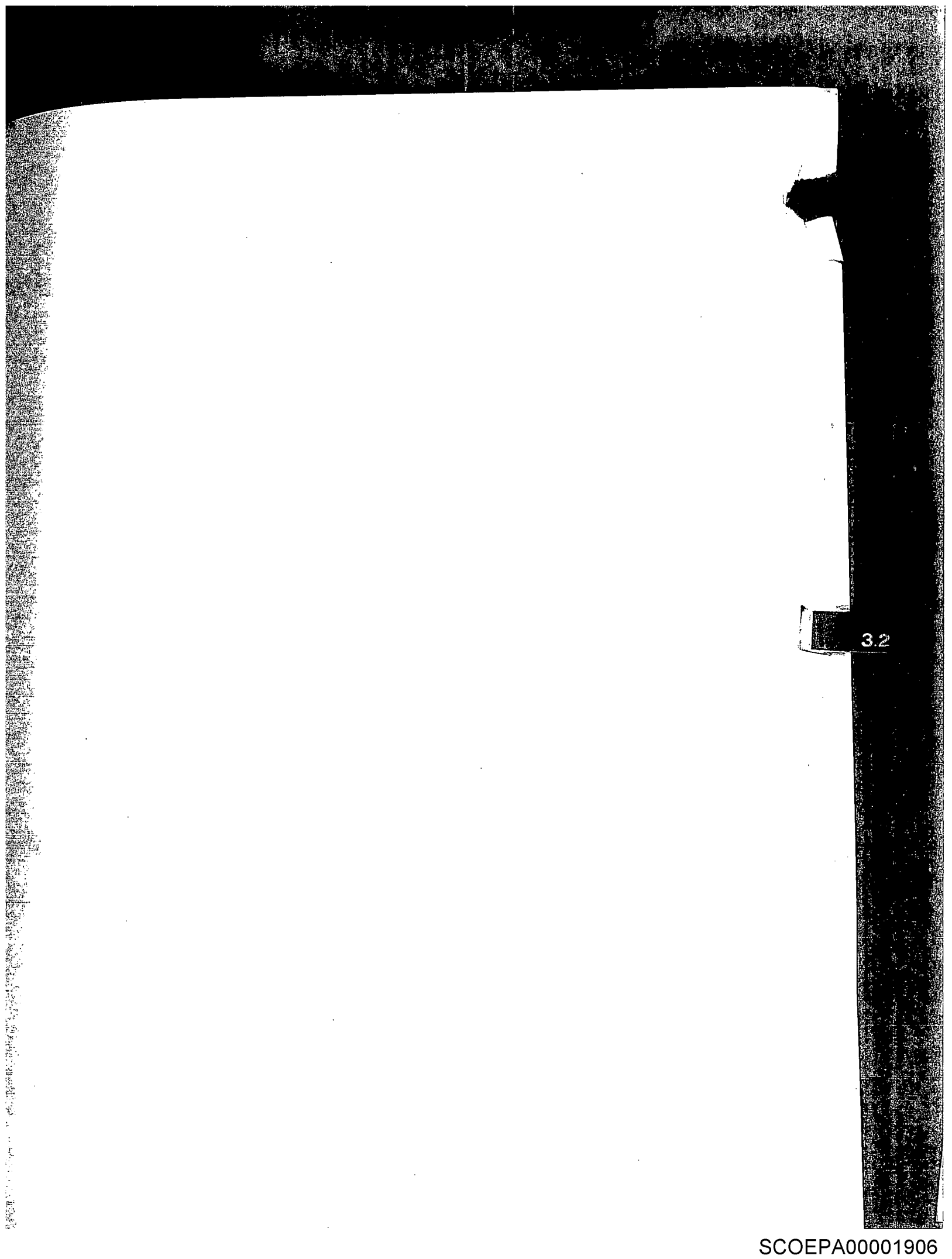
Secretary
Wacker Chemical Corp.

RESOLVED, that the terms and conditions of the Guarantee Agreements ("Agreements") between the First National Bank of Oregon, as Trustee, and the Corporation, dated as of April 15, 1979, in the forms attached hereto as Exhibit A and Exhibit B are hereby ratified and approved.

FURTHER RESOLVED, that the terms and conditions of the Letter of Indemnity ("Letter") from the Corporation to the Port of Portland, Oregon, ABD Securities Corporation and Europartners Securities Corporation in the form attached hereto as Exhibit C are hereby ratified and approved.

FURTHER RESOLVED, that any of the proper officers of the Corporation or Dr. Hans Herrmann are authorized to execute and deliver the Agreements, the Letter and any other documents or instruments in connection therewith.

FURTHER RESOLVED, that the above persons are authorized to make any amendments or modifications of the Agreements and the Letter which they deem necessary or desirable, a determination which shall be conclusively evidenced by their execution and delivery of such amended or modified documents.


3.2

3.2

GUARANTEE AGREEMENT

Between

WACKER CHEMICAL CORPORATION

and

FIRST NATIONAL BANK OF OREGON
As Trustee

Dated as of April 15, 1979

The Port of Portland Pollution Control
Revenue Bonds, 1979 Series
(Wacker Siltronic Corporation Project)

SCOEPA00001907

GUARANTEE AGREEMENT

This GUARANTEE AGREEMENT is entered into as of April 15, 1979, by and between Wacker Chemical Corporation, a corporation duly organized and existing under the laws of the State of New York (herein called the "Guarantor"), and First National Bank of Oregon, as trustee, a banking corporation of the State of Oregon (herein, together with any successor trustee at the time serving as such pursuant to Ordinance No. 245, enacted on March 14, 1979, by The Port of Portland called the "Trustee").

W I T N E S S E T H:

WHEREAS, arrangements have been made for the sale by the The Port of Portland, a municipal corporation of the State of Oregon (herein, together with any successor to its functions, called the "Port"), of its Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) in the aggregate principal amount of $3,430,000 (herein called the "1979 Bonds"); and

WHEREAS, the proceeds of the sale of the 1979 Bonds will be used to finance the cost of the acquisition and construction of certain pollution control facilities and appurtenances thereto for the silicon wafer manufacturing facility of Wacker Siltronic Corporation, a wholly-owned subsidiary of the Guarantor (the "Corporation"), located in Portland, Oregon, and such facilities are to be sold by the Port to the Corporation pursuant to an Installment Sale Agreement, dated as of April 15, 1979, between the Port and the Corporation (herein, as amended from time to time called the "Sale Agreement"); and

WHEREAS, the 1979 Bonds are to be issued under and pursuant to the aforesaid Ordinance No. 245 (herein, as supplemented or amended from time to time, called the "Ordinance"); and

WHEREAS, the Port may pursuant to the Ordinance issue in the future additional pollution control revenue bonds of the Port for the purpose of financing the cost of completing the aforesaid pollution control facilities or the cost of acquiring and constructing additions, extensions and improvements to said pollution control facilities at said plant (the 1979 Bonds and such additional bonds being herein called the "Bonds"); and

WHEREAS, the Guarantor desires that the Port issue the Bonds and apply the proceeds for the purpose described above and is willing to enter into this Guarantee Agreement in order to provide an

inducement to the Port to issue the Bonds and an inducement to the purchase of the Bonds and interest coupons appertaining thereto by all who shall at any time become holders thereof;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the Guarantor does hereby covenant and agree with the Trustee as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF GUARANTOR

SECTION 1.1. The Guarantor does hereby represent and warrant that it is a corporation duly incorporated and in good standing under the laws of the State of New York, has power to enter into and perform this Guarantee Agreement, has duly authorized the execution and delivery of this Guarantee Agreement by proper corporate action and that such execution and delivery does not contravene or constitute a default under any agreement, instrument or indenture or any provision of its certificate of incorporation or any other requirement of law. The Guarantor further represents that assumption by the Guarantor of its obligations hereunder will result in a direct financial benefit to the Guarantor.

ARTICLE II

COVENANTS AND AGREEMENTS

SECTION 2.1. The Guarantor hereby unconditionally guarantees to the Trustee (a) the full and prompt payment of the principal of and premium, if any, on each Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, and (b) the full and prompt payment of interest on each Bond when and as the same shall become due. All payments by the Guarantor shall be paid in lawful money of the United States of America. Each and every default in payment of the principal of, premium, if any, or interest on any Bond shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

SECTION 2.2. The obligations of the Guarantor under this Guarantee Agreement shall be absolute and unconditional and shall remain in full force and effect until the entire principal of, premium, if any, and interest on the Bonds shall have been paid or duly provided for, and such obligations shall not be affected,

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modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of, the Guarantor:

(a) the waiver, compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Port contained in the Ordinance, or of the payment, performance or observance thereof;

(b) the failure to give notice to the Guarantor of the occurrence of an event of default under the terms and provisions of this Guarantee Agreement or the Ordinance;

(c) the transfer, assignment or mortgaging or the purported transfer, assignment or mortgaging of all or any part of the interest of the Port in the Project referred to in the Sale Agreement or any failure of tivle with respect to the Port's interest in the Project or the invalidity, unenforceability or termination of the Sale Agreement;

(d) the waiver, compromise, settlement, release or termination of the Port's obligations, covenants or agreements contained in the Sale Agreement, or the Ordinance or of the payment, performance or observance thereof;

(e) the extension of the time for payment of any principal of, premium, if any, or interest on any Bond owing or payable on such Bond or of the time for performance of any obligations, covenants or agreements under or arising out of the Sale Agreement, the Ordinance or this Guarantee Agreement or the extension or the renewal thereof;

(f) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Sale Agreement or the Ordinance;

(g) the taking or the omission of any of the actions referred to in the Ordinance or of any actions under this Guarantee Agreement;

(h) any failure, omission, delay or lack on the part of the Port or Trustee to enforce, assert or exercise any right, power or remedy conferred on the Port or the Trustee in this Guarantee Agreement or the Sale Agreement or the Ordinance, or any other act or acts on the part of the

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Port, the Trustee or any of the holders from time to time of the Bonds or the interest coupons appertaining thereto;

(i) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting the Guarantor or the Port or any of the assets of either of them, or any allegation or contest of the validity of this Guarantee Agreement, the Sale Agreement, or the disaffirmance of the Sale Agreement or this Guarantee Agreement in any such proceeding;

(j) to the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge by operation of law of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guarantee Agreement; or

(k) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Guarantee Agreement.

SECTION 2.3. No set-off, counterclaim, reduction, or diminution of an obligation, or any defense of any kind or nature (other than performance by the Guarantor of its obligations hereunder) which the Guarantor has or may have against the Port shall be available hereunder to the Guarantor against the Trustee.

SECTION 2.4. In the event of a default in payment of principal of or premium, if any, on any Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, or in the event of a default in the payment of any interest on any Bond when and as the same shall become due, the Trustee may, and if requested to do so by the holders of not less than 25% in aggregate principal amount of the Bonds then outstanding, shall proceed to enforce its rights hereunder and the Trustee shall have the right to proceed first and directly against the Guarantor under this Guarantee Agreement without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the Port or the Trustee. All moneys recovered pursuant to this Guarantee Agreement shall be applied to the payment of the principal of, premium, if any, and interest on, the Bonds.

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As a condition to it taking any action hereunder, the Trustee may require that a satisfactory indemnity be furnished by or at the instance of the Bondholders for the reimbursement of all expenses and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

SECTION 2.5. The Guarantor hereby expressly waives notice from the Trustee or the holders from time to time of any of the Bonds or of the interest coupons appertaining thereto of their acceptance and reliance on this Guarantee Agreement. The Guarantor agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees (including attorney's fees for appeals) which may be incurred by the Trustee in enforcing or attempting to enforce this Guarantee Agreement or protecting the rights of the Trustee hereunder following any default on the part of the Guarantor hereunder, whether the same shall be enforced by suit or otherwise.

SECTION 2.6. The Guarantor agrees that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation; provided, that the Guarantor may, without violating the agreements contained in this Section, consolidate with, merge into, or sell or otherwise transfer all or substantially all of its assets as an entirety to another corporation and thereafter dissolve, if the successor corporation irrevocably and unconditionally assumes in writing all of the obligations of the Guarantor under this Guarantee Agreement; and provided further that the surviving, resulting or transferee corporation, as the case may be, has a consolidated net worth (after giving effect to such consolidation, merger or transfer) at least equal to or greater than that of the Guarantor immediately prior to such consolidation, merger or transfer.

SECTION 2.7. This Guarantee Agreement shall not be deemed to create any right in, or to be in whole or in part for the benefit of any person other than the Trustee, the Guarantor and their permitted successors and assigns. This Guarantee Agreement may be enforced by or on behalf of the holders of the Bonds or such coupons only by the Trustee in accordance with the provisions of the Ordinance.

SECTION 2.8. The Guarantor irrevocably, so long as any of the Bonds are outstanding, (a) agrees that any suit, action or other legal proceeding arising out of this Guarantee Agreement may be brought in any court in the State of Oregon or the courts of the United States located in such State, (b) consents to the jurisdiction of each such court in any such suit, action or proceeding, and (c)

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waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts.

ARTICLE III

MISCELLANEOUS

SECTION 3.1. The obligations of the Guarantor hereunder shall arise absolutely and unconditionally upon the issue, sale and delivery of any Bonds by the Port. The execution and delivery of this Guarantee Agreement shall not impair or diminish in any respect the obligations of the Corporation under the Sale Agreement.

SECTION 3.2. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guarantee Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Guarantee Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required herein or in the Ordinance. In the event any provision contained in this Guarantee Agreement should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waiver any other breach hereunder. No waiver, amendment, release or modification of this Guarantee Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties to this Guarantee Agreement and only in accordance with the provisions of the Ordinance.

SECTION 3.3. This Guarantee Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. This Guarantee Agreement may be modified only by an instrument in writing signed by the duly authorized representatives of the parties and only if the modification is made for the purposes and in accordance with this Section 3.3.

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The Guarantor and the Trustee may, without the consent of or any notice to the holders of any of the Bonds or the interest coupons appertaining thereto, amend, change or modify this Guarantee Agreement to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained herein or to make provision with respect to matters arising hereunder including the issuance of Additional Bonds (as defined in the Ordinance) or for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions of the Sale Agreement, the Ordinance and this Guarantee Agreement and do not, in the sole judgment of the Trustee, adversely affect the interest of the holders of the Bonds and the interest coupons appertaining thereto.

The Guarantor and the Trustee may, at any time and from time to time, with the written consent of the holders of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds then outstanding, amend, change or modify this Guarantee Agreement to such extent as shall be deemed necessary or desirable by the Trustee, provided that, without the written consent of the holders of all the Bonds and the interest coupons appertaining thereto then outstanding, no such amendment, modification or change shall permit (i) any reduction in the amount, coverage or scope of the Guarantor's obligations hereunder, (ii) any change in the unconditional nature of the Guarantor's obligations hereunder, or (iii) any other change that, in the sole judgment of the Trustee, might adversely affect the interests of the holders of the Bonds and the interest coupons appertaining thereto.

SECTION 3.4. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections in this Guarantee Agreement contained, shall not affect the validity or enforceability of the remaining portions of this Guarantee Agreement, or any part thereof.

SECTION 3.5. Upon payment of the Bonds pursuant to the Ordinance, or provision for such payment having been made in accordance with the Ordinance, the Trustee shall release the Guarantor from the provisions of this Guarantee Agreement in writing.

SECTION 3.6. The Guarantor and the Trustee hereby agree that the provisions of this Guarantee Agreement shall be construed in accordance with the laws of the State of Oregon.

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IN WITNESS WHEREOF, the Guarantor has caused this Guarantee Agreement to be executed in its name and behalf and its corporate seal to be affixed hereto and attested by its duly authorized officers as of the date first above written.

WACKER CHEMICAL CORPORATION

(Corporate Seal)

By _____
(Vice) President

ATTEST:

_____
(Assistant) Secretary

Accepted this 15th day of April, 1979 by First National Bank of Oregon, as Trustee

By _____
~~(Vice) President and Corporate~~ Asst. Trust Officer

(Corporate Seal)

ATTEST:

_____

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IN WITNESS WHEREOF, the Guarantor has caused this Guarantee Agreement to be executed in its name and behalf and its corporate seal to be affixed hereto and attested by its duly authorized officers as of the date first above written.

WACKER CHEMICAL CORPORATION

(Corporate Seal)

By_____
President

ATTEST:

_____
(Assistant) Secretary

Accepted this 15th day of April, 1979 by First National Bank of Oregon, as Trustee

By_____
(Vice) President and Corporate Trust Officer

(Corporate Seal)

ATTEST:

_____

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3.3

WALTER, CONSTON, SCHURTMAN & GUMPEL, P.C.

ATTORNEYS AT LAW

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ALAN KANZER
WILLIAM M. BARRON
J. FREDERICK BERG, JR.
RICHARD E. SCHNEYER

BERNARD R. DIAMOND
HEIDI B. DUERBECK
DANIEL C. EDMUNDSON
PETER R. ENGELHARDT
CLIFFORD A. RATHKOPF, JR.

April 26, 1979

IN REPLY REFER TO

To the purchasers named in Appendix A
to this opinion (the "Purchasers") and the

Port of Portland, Oregon

Re: The Port of Portland Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project); The Port of Portland Industrial Development Revenue Bond, 1979 Series (Wacker Siltronic Corporation Project)

Dear Sirs:

We are special counsel to Wacker Chemical Corp. (the "Guarantor"), a New York corporation, and have acted as such in connection with the sale by the Port of Portland ("Port") to the Purchasers this day of (a) $1,000,000 principal amount of the Port's Industrial Development Revenue Bonds, 1979 Series, (Wacker Siltronic Corporation Project) and (b) $3,430,000 principal amount of the Port's Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) (such bonds being herein collectively the "Bonds") and the Guarantor's execution of (a) Guarantee Agreements, each dated as of April 15, 1979 ("Guarantees") relating thereto (each of the terms used herein having the meaning as defined therein) and (b) a Letter of Indemnity among the Port, the Corporation, ABD Securities Corporation, Europartners Securities. Guarantor, Wacker Siltronic Corporation and Wacker Chemie GmbH ("Letter of Indemnity").

In so acting, we have examined and relied upon the representations and warranties as to the factual matters contained in the Guarantees and upon originals or copies, certified or otherwise identified to our satisfaction, of such corporate records, documents, certificates and other instruments, and such factual information otherwise supplied to us by the Guarantor, as in our judgment are necessary or appropriate to enable us to render the opinion expressed below.

(A) The Guarantor has been duly organized and is validly existing and in good standing under the laws of the State of New York; the Guarantor has full corporate power to execute and deliver, and perform its obligations under the Guarantee and the Letter of Indemnity;

(B) The Guarantees have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Guarantor enforceable in accordance with their terms (subject to bankruptcy and other laws affecting enforcement of creditors' rights generally and equitable principles at the time in effect governing the remedy of specific performance;

(C) The Letter of Indemnity has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Guarantor and has not been terminated by the Guarantor;

(D) No authorization, approval, consent or other order of any governmental authority or agency other than the Port or of any other entity or person (or persons) is required for the valid authorization, execution and delivery of the Guarantees and the Letter of Indemnity by the Guarantor;

(E) To the best of our knowledge, there is no litigation pending or threatened against the Guarantor; (i) to restrain or enjoin the issuance or delivery of any of the Bonds, or the application of the proceeds therof, or the payment, collection or application of payments or other revenues pursuant to the Installment Sale Agreements, the Ordinances or the Guarantees, (ii) in any way contesting or affecting any authority for or the validity of the Bonds, the Ordinances, the Installment Sale Agreements, the Guarantees, the Bond Purchase Agreements, the Letter of Indemnity, the application of the proceeds of the Bonds or the payment, collection or application of payments or other revenues pursuant to Installment Sale Agreements, the Ordinances, or the Guarantees, or (iii) in any way contesting the right and power of the Port to cause to be constructed the Projects as described in the Installment Sale Agreements;

(F) The execution and delivery of the Guarantees and the Letter of Indemnity and the fulfillment of their terms and provisions by the Guarantor will not: (i) to the best of our knowledge conflict with, violate or result in a breach of any law or any administrative regulation or court decree applicable to the Guarantor, (ii) conflict with, or result in a breach of, or constitute a default under the Articles of Incorporation or By-Laws of the Guarantor or to

the best of our knowledge any indenture, mortgage, deed of trust, agreement or other instrument to which the Guarantor is a party, or by which it is bound, or to the best of our knowledge any order, rule or regulation applicable to the Guarantor of any court or other governmental body, or (iii) to the best of our knowledge result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Guarantor pursuant to the terms of any such indenture, mortgage, deed or trust or other instrument.

In giving the opinion set forth in Paragraphs (B) through (F) above, we have with your consent relied on the opinions of Messrs. Miller, Anderson, Nash, Yerke & Wiener, dated today and attached hereto as Exhibits A and B as to all matters of Oregon law.

Very truly yours,

WALTER, CONSTON, SCHURTMAN
& GUMPEL, P.C.

Appendix A

1. First National Bank of Oregon

2. Commerzbank AG, New York

3. Dresdner Bank AG, New York

HR B 34[illegible]

[illegible] des Unternehmens	Grund- oder Stammkapital DM	Vorstand Persönlich haftende Gesellschafter Geschäftsführer Abwickler	Prokura	Rechtsverhältnisse	a) Tag [illegible] und [illegible] b) [illegible]
[illegible] Gesell- [illegible] beschränkter [illegible] und Vertrieb [illegible] Produkten [illegible] Vornahme [illegible] zusammen- [illegible] schäfte.	20.000.000,-	Maurer Ekkehard, Geschäftsführer, München; Dr. Mittag Rudolf, Chemiker und Geschäftsführer, München.	Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dr. Aichholz Hermann, München; Dr. Eber Rudolf, München; Dr. Reiserer Walter, München; Dobmaier Walter, München; Weiss Rudolf, München; Kircher Max, München; Denis Johann Bertram, München; Schneider Albert, München; Dr. Smidt Jürgen, München-Solln; Dr. Eder Heinz, München; Dr. Freiesleben Werner, München; Dr. Rief Anton, München; Braune Hansjörg, München; Buchberger Hermann, München; Dr. Etschmann Richard, Planegg bei München; Dr. M i c h l Karl-Heinz, München; Dr. Kudla Herbert, München; Giffhorn Hans-Jürgen, München.	Gesellschaft mit beschränkter Haftung. Der Gesellschaftsvertrag ist am 16. Dezember 1970 abgeschlossen, zuletzt geändert durch Beschluß der Gesellschafterversammlung vom 27. Juli 1966. Die Geschäftsführer Maurer Ekkehard und Dr. Mittag Rudolf vertreten je zusammen mit einem anderen Geschäftsführer oder einem Prokuristen	a) Umgeschl[illegible] am 10. [illegible] 19[illegible] b) Tag der [illegible] Eintrag [illegible] 13. Dez[illegible] 19[illegible]
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dr. Essler Hans, Schwaig b. Nürnberg; Dr. Jira Reinhard, München; von der Osten Hans-Helge, München.		a) 20. Juli 19[illegible]
		Dr. A d o l f f Peter, Rechtsanwalt in München		Dr. A d o l f f Peter ist zum Geschäftsführer bestellt; er ist zusammen mit einem anderen Geschäftsführer oder mit einem Prokuristen vertretungsberechtigt.	a) 3. Nov. 1[illegible]

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HR B

Stand des Unternehmens	Grund- oder Stammkapital DM	Vorstand Persönlich haftende Gesellschafter Geschäftsführer Abwickler	Prokura	Rechtsverhältnisse	a) Tag der Eintragung und Unterschrift b) Bemerkungen
2	3	4	5	6	7
			Die Prokuren für Buchberger Hermann und Weiss Rudolf sind erloschen. Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dr. Wick Manfred, München.	Dr. A d o l f f Peter ist zum Geschäftsführer bestellt; er ist zusammen mit einem anderen Geschäftsführer oder mit einem Prokuristen vertretungsberechtigt.	a) 19. Febr. 7 p. e irrtümlich sofort wieder gelöscht.
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Braun Werner, Burghausen; Eberth-Heldrich Gertrud, München; Dr. Haustein German, Germering bei München; Opl Oskar, Eichenried.		a) 22. März 1973
			Die Prokuren für Dr. Kudla Herbert, Dr. Rief Anton und Denis Johann Bertram sind erloschen,		a) 24. Sept. 1973
			Prokura zusammen mit einem Geschäftsführer oder einem andren Prokuristen: Barcko Bodo, München Kerngott Wilhelm, Gröbenzell, Kober Hans, Ottobrunn, Dr. Müller Frank, Siegertsbrunn, Dr. Huding Klaus, Hausenstamm. Die Prokura Kirchor Max ist erloschen.		a) 4. Sept. 1974
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dr. Römer Robert, München.		

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HR B

Firma Unternehmens	Grund- oder Stammkapital DM	Vorstand Persönlich haftende Gesellschafter Geschäftsführer Abwickler	Prokura	Rechtsverhältnisse	a) Tag der [illegible] und [illegible] b) [illegible]
	3	4	5	6	
[illegible] Gesell- [illegible] beschränkter [illegible] und Vertrieb [illegible] Produkten [illegible] und Vornahme [illegible] zusammen- [illegible] Geschäfte.	0.000.000,-	Maurer Ekkehard, Geschäftsführer, München; Dr. Mittag Rudolf, Chemiker und Geschäftsführer, München.	Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dr. Aichholz Hermann, München; Dr. Eber Rudolf, München; Dr. Reiserer Walter, München; Dobmaier Walter, München; Weiss Rudolf, München; Kircher Max, München; Denis Johann Bertram, München; Schneider Albert, München; Dr. Smidt Jürgen, München-Solln; Dr. Eder Heinz, München; Dr. Freiesleben Werner, München; Dr. Rief Anton, München; Braune Hansjörg, München; Buchberger Hermann, München; Dr. Etschmann Richard, Planegg bei München; Dr. M i c h l Karl-Heinz, München; Dr. Kudla Herbert, München; Giffhorn Hans-Jürgen, München.	Gesellschaft mit beschränkter Haftung. Der Gesellschaftsvertrag ist am 16. Dezember 1920 abgeschlossen, zuletzt geändert durch Beschluß der Gesellschafterversammlung vom 27. Juli 1966. Die Geschäftsführer Maurer Ekkehard und Dr. Mittag Rudolf vertreten je zusammen mit einem anderen Geschäftsführer oder einem Prokuristen.	a) Umgesch[illegible] am 10. [illegible] 19[illegible] b) Tag der [illegible] Eintragung 13. Dez[illegible] 1920
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dr. Essler Hans, Schwaig b. Nürnberg; Dr. Jira Reinhard, München; von der Osten Hans-Helge, München.		a) 20. Juli 19[illegible]
		Dr. A d o l f f Peter, Rechtsanwalt in München		Dr. A d o l f f Peter ist zum Geschäftsführer bestellt; er ist zusammen mit einem anderen Geschäftsführer oder mit einem Prokuristen vertretungsberechtigt.	a) 3. Nov. 1[illegible]

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HRB

1 Unternehmens	Grund- oder Stammkapital DM 3	Vorstand Persönlich haftende Gesellschafter Geschäftsführer Abwickler 4	Prokura 5	Rechtsverhältnisse 6	a) Tag der Eintragung und Unterschrift b) Bemerkungen 7
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dietz Wolfgang, München; Lindgens Winfried, München; Dr. Kempel Gottbert, München; Heffermann Matthias, München.		a) 6. 7. 75
	100 000 000,-			Die Gesellschafterversammlung vom 2. Juni 1975 hat die Erhöhung des Stammkapitals um 20 000 000,-DM auf 100 000 000,-DM aus Gesellschaftsmitteln und die entsprechende Änderung des § 3 der Satzung (Stammkapital) beschlossen. Die Gesellschaft hat mehrere Geschäftsführer. Sie wird durch zwei Geschäftsführer gemeinschaftlich oder durch einen Geschäftsführer in Gemeinschaft mit einem Prokuristen vertreten.	a) 6. Aug. 1975 b) Beschluß Bl. 9[illegible] SB Satzung neufassung Bl. 9[illegible] SB
				Die Gesellschafterversammlung vom 27. November 1975 hat die Änderung der §§ 10 (Zusammensetzung des Aufsichtsrats, Mitgliedschaft) und 11 (Beschlußfähigkeit des Aufsichtsrats) der Satzung beschlossen.	a) [illegible] 1975 b) Beschluß Bl. 110 SB Satzung neufassung Bl. 111 SB
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Dr. Golla Bernd, München; Zippel Hans-Jürgen, München.		a) 25. Juni [illegible]

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HR B

Grund- oder Stammkapital DM 3	Vorstand Persönlich haftende Gesellschafter Geschäftsführer Abwickler 4	Prokura 5	Rechtsverhältnisse 6	a) Tag der Eintragung b) Bemerkungen 7
	Dobmaier Walter Dipl.Ing., München.	Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: Gerstenberg Bernhard, Aschheim; Dr. Grimm Axel, Stuttgart-Echterdingen; Dr. Lossberg Jobst, Köln (Longerich); Dr. Sieber Rolf, Burghausen; Kojer Hugo, Burghausen.	Dr. Adolff Peter i.V. nicht mehr Geschäftsführer. Dobmaier Walter wurde zum Geschäftsführer bestellt.	a) 21. Okt.
		Die Prokura Dobmaier Walter ist erloschen.		a) 2. Dez. 1976
		Prokura in der Weise, daß sie jeweils gemeinsam mit einem Geschäftsführer oder mit einem anderen Prokuristen vertreten: Braun Eugen, München; Dr. Kohl Johannes, Gröbenzell; Dr. Stroh Anton, München.	Die Gesellschafterversammlung vom 12. Mai 1977 hat die Neufeststellung der Satzung beschlossen.	a) 30. Juni 1977 b) Beschluß Bl. 122 SB
		Die Prokuren Schneider Albert und von der Osten Hans Helge sind erloschen.		a) 23. Nov.
		Prokura zusammen mit einem Geschäftsführer oder einem weiteren Prokuristen: Feneberg Hermann, Eglharting. Die Prokura für Dr. Reiserer Walter ist erloschen.		a) 7. März

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des Unternehmens	Grund- oder Stammkapital DM	Vorstand / Persönlich haftende Gesellschafter / Geschäftsführer / Abwickler	Prokura	Rechtsverhältnisse	a) Tag der Eintragung und Unterschrift b) Bemerkungen
	3	4	5	6	7
			Prokura gemeinsam mit einem Geschäftsführer oder einem Prokuristen: Dr. rer. nat. Donnohl Herbert, Ismaning; Dr. rer. nat. Kopp Erwin, München; Dr. rer. nat. Munchi Johann, München. Die Prokura für Dr. Freienleben Werner ist erloschen.		a) 21. Juli 1978
			Die Prokuren Dr. Eber Rudolf und Pfeffermann Matthias sind erloschen.		a) 8. Aug. 1978
			Prokura zusammen mit einem Geschäftsführer oder einem anderen Prokuristen: A r n o l d Manfred, Rosenheim; Fiedel Peter, Hörlkofen; Muthig Gerd, Vaterstetten; Schneider Manfred, München; Dr. Standlmaier Manfred, München; Dr. Wick Manfred, Schliersee.		a) 27. Dez. 1978 Irrtümlicher Doppeleintrag (s.E.4) Berichtigt am: 8. Januar 1979

DIE ÜBEREINSTIMMUNG DIESER FOTOKOPIE MIT DEM HANDELSREGISTER WIRD BEGLAUBIGT.

Rotunterstreichungen erscheinen in der Fotokopie schwarz, aus fototechnischen Gründen aber nur undeutlich oder überhaupt nicht.

München, den 20. Feb. 1979

AMTSGERICHT MÜNCHEN - Registergericht -

Justang./JustSekr.

als Urkundsbeamter der Geschäftsstelle

6520

AMTSGERICHT MÜNCHEN

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4.2

April 17th , 1979

Commerzbank AG
New York Branch

5.1

Dresdner Bank AG
New York Branch

The First National Bank of Oregon

Re:

Gentlemen:

WHEREAS: You have agreed to finance the acquisition of certain facilities in Portland, Oregon, through the purchase of Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation Project) and Industrial Development Bonds, 1979 Series (Wacker Siltronic Corporation Project) (collectively the "Bonds") from the Port of Portland, Oregon ("Port of Portland");

WHEREAS the Port of Portland has agreed to sell such facilities to Wacker Siltronic Corporation, a Delaware corporation, pursuant to Installment Sale Agreements, dated as of April 15, 1979 (collectively "Sale Agreement"), and

WHEREAS Wacker Siltronic Corporation is a wholly-owned subsidiary of Wacker Chemical Corporation, a New York corporation, which is in turn a wholly-owned subsidiary of the undersigned.

W I T N E S S E T H :

NOW, THEREFORE, in consideration of your purchase of the Bonds, the undersigned hereby agrees to the following:

1. The terms used herein unless otherwise indicated herein shall have the meaning set forth in the Sale Agreement.

2. You may, at your option exercisable as set forth in Section 202 of Ordinance No. 245 and Section 202 of Ordinance No. 246 (enacted March 14, 1979 by the Port of Portland, upon receipt of the notice referred to in paragraph 3 below either (a) require the Port of Portland to redeem the Bonds on the next applicable Interest Payment Date without premium or penalty or (b) require the undersigned to provide you with Additional Security, as defined below.

3. You shall receive prompt written notice in the event that both of the conditions in either of subparagraphs (a) or (b) below exist or the condition in subparagraph (c) below exists:

(a) The undersigned shall own directly or indirectly less than 100% but more than 75% of the voting stock of Wacker Siltronic Corporation or its successors or assigns ("Siltronic") and Siltronic shall have a net worth, as determined in accordance with generally accepted accounting principles ("Net Worth"), of less than $6,000,000 or

(b) The undersigned shall own directly or indirectly less than 75% but more than 51% of the voting stock of Siltronic and Siltronic shall have a Net Worth of less than $10,000,000;

(c) The undersigned shall own directly or indirectly less than 51% of the voting stock of Siltronic.

4. Additional Security shall, at the undersigned's option, either consist of (i) an unconditional guarantee by the undersigned of the payments of outstanding principal and interest due on the Bonds or (ii) a first and prior mortgage and/or security interest in such part of Siltronic's plant and/or equipment (designated by the undersigned) which, on the date such mortgage or security interest is given, has a resale value (determined by an independent appraiser with a national reputation as an expert in the chemical industry) equal to the outstanding principal and interest due on the Bonds.

5. The termination date of the undersigned's agreement to the terms and provisions of this letter shall be the date upon which the principal and interest on the Bonds are repaid in full whether at maturity or otherwise.

6. Notwithstanding that the Sale Agreement and other documents related thereto are governed by the laws of the State of Oregon, the terms and provisions of this letter shall be governed by the laws of the Federal Republic of Germany.

WACKER CHEMIE GmbH

By _____

5.1

5.1

CERTIFICATE OF FIRST NATIONAL BANK OF OREGON AS TO AUTHORITY TO ACT AS TRUSTEE AND AUTHORIZATION OF CERTAIN OFFICERS TO PERFORM FIDUCIARY FUNCTIONS

I, James F. Light, Jr., Assistant Vice President and Assistant Secretary of First National Bank of Oregon (the "Bank") HEREBY CERTIFY as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Articles of Incorporation of the Bank as of the date hereof.

2. Attached hereto as Exhibit B are the By-laws of the Bank as of the date hereof.

3. Attached hereto as Exhibit C is a true copy of a certificate of the Comptroller of the Currency authorizing the Bank to exercise fiduciary powers with respect to bonds issued pursuant to a Bond Ordinance enacted March 14, 1979 by The Port of Portland, Oregon.

4. Attached hereto as Exhibit D is a true copy of a resolution authorizing certain officers to exercise trust functions.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the Bank as of the twenty-sixth day of April, 1979.

James F. Light

Assistant Vice President and
Assistant Secretary

FIRST NATIONAL BANK OF OREGON
CHARTER NO. 1553
ARTICLES OF ASSOCIATION

FIRST. The title of this Association shall be "First National Bank of Oregon."

SECOND. The main office of this Association shall be in Portland, Multnomah County, Oregon. The general business of this Association shall be conducted at its main office and its branches.

THIRD. The Board of Directors of this Association shall consist of not less than five nor more than twenty-five shareholders, the exact number of Directors within such minimum and maximum limits to be fixed and determined from time to time by resolution of a majority of the full Board of Directors or by resolution of the shareholders at any annual or special meeting thereof. Unless otherwise provided by the laws of the United States, any vacancy in the Board of Directors for any reason, including an increase in the number thereof, may be filled by action of the Board of Directors.

FOURTH. The annual meeting of the shareholders for the election of Directors and the transaction of whatever other business may be brought before the meeting shall be held at the main office or such other place as the Board of Directors may designate, on the day of each year specified therefor in the Bylaws, but if no election is held on that day, it may be held on any subsequent day according to the provisions of law; and all elections shall be held according to such lawful regulations as may be prescribed by the Board of Directors.

Nominations for election to the Board of Directors may be made by the Board of Directors or by any shareholder of any outstanding class of capital stock of this Association entitled to vote for election of directors. Nominations, other than those made by or on behalf of the existing management of this Association, shall be made in writing and shall be delivered or mailed to the President of this Association and to the Comptroller of the Currency, Washington, D. C., not less than 14 days nor more than 50 days prior to any meeting of shareholders called for the election of directors, provided, however, that if less than 21 days' notice of the meeting is given to shareholders, such nomination shall be mailed or delivered to the President of this Association and to the Comptroller of the Currency not later than the close of business on the seventh day following the date the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the total number of shares of capital stock of this Association that will be voted for each proposed nominee; (d) the name and residence address of the notifying shareholder; and (e) the number of shares of capital stock of this Association owned by the notifying shareholder. Nominations not made in accordance herewith may, in his discretion, be disregarded by the chairman of the meeting and, upon his instructions, the vote tellers may disregard all votes cast for each such nominee.

FIFTH. The amount of the authorized capital stock of this Association shall be $53,131,490, divided into 5,313,149 shares of common stock of the par value of $10 each; but said capital stock may be increased or decreased from time to time in accordance with the provisions of the laws of the United States.

If the capital stock is increased by the sale of additional shares thereof, each shareholder shall be entitled to subscribe for such additional shares in proportion to the number of shares of said capital stock owned by him at the time the increase is authorized by the shareholders, unless another time subsequent to the date of the shareholders'

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meeting is specified in a resolution adopted by the shareholders at the time the increase is authorized. The Board of Directors shall have the power to prescribe a reasonable period within which the preemptive rights to subscribe to the new shares of capital stock must be exercised.

The Association, at any time and from time to time, may authorize and issue debt obligations, whether or not subordinated, without the approval of the shareholders.

SIXTH. The Board of Directors shall appoint one of its members President of this Association, who shall be Chairman of the Board unless the Board appoints another director to be the Chairman. The Board of Directors shall have the power to appoint one or more Vice Presidents; and to appoint a Cashier and such other officers and employees as may be required to transact the business of this Association.

The Board of Directors shall have the power to define the duties of the officers and employees of this Association; to fix the salaries to be paid to them; to dismiss them; to require bonds from them and to fix the penalty thereof; to regulate the manner in which any increase of the capital of this Association shall be made; to manage and administer the business and affairs of this Association; to make all Bylaws that it may be lawful for them to make; and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform.

SEVENTH. The Board of Directors shall have the power to change the location of the main office to any other place within the limits of the City of Portland, Multnomah County, Oregon, without the approval of the shareholders but subject to the approval of the Comptroller of the Currency; and shall have the power to establish or change the location of any branch or branches of this Association to any other location without the approval of the shareholders but subject to the approval of the Comptroller of the Currency.

EIGHTH. The corporate existence of this Association shall continue until terminated in accordance with the laws of the United States.

NINTH. The Board of Directors of this Association, or any three or more shareholders owning, in the aggregate, not less than 25 percent of the stock of this Association, may call a special meeting of shareholders at any time. Unless otherwise provided by the laws of the United States, a notice of the time, place and purpose of every annual and special meeting of the shareholders shall be given by first-class mail, postage prepaid, mailed at least ten days prior to the date of such meeting to each shareholder of record at his address as shown upon the books of this Association.

TENTH. Any person, his heirs, executors, or administrators, may be indemnified or reimbursed by this Association for reasonable expenses actually incurred in connection with any action, suit, or proceeding, civil or criminal, to which he or they shall be made a party by reason of his being or having been a director, officer, or employee of this Association or of any firm, corporation, or organization which he served in any such capacity at the request of this Association: Provided, however, that no person shall be so indemnified or reimbursed in relation to any matter in such action, suit, or proceeding as to which he shall finally be adjudged to have been guilty of or liable for gross negligence, willful misconduct or criminal acts in the performance of his duties to this Association: And, provided further, that no person shall be so indemnified or reimbursed in relation to any matter in such action, suit, or proceeding which has been made the subject of a compromise settlement except with the approval of a court of competent jurisdiction, or the holders of record of a majority of the outstanding shares of this Association, or the Board of Directors, acting by vote of directors not parties to the same or substantially the same action, suit, or proceeding, constituting a majority of the whole number of directors. The foregoing right of indemnification or reimbursement shall not be exclusive of other rights to which such person, his heirs, executors, or administrators, may be entitled as a matter of law.

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This Association may, upon the affirmative vote of a majority of its Board of Directors, purchase insurance for the purpose of indemnifying its directors, officers and other employees to the extent that such indemnification is allowed in the preceding paragraph. Such insurance may, but need not, be for the benefit of all directors, officers, or employees.

ELEVENTH. These Articles of Association may be amended at any regular or special meeting of the shareholders by the affirmative vote of the holders of a majority of the stock of this Association, unless the vote of the holders of a greater amount of stock is required by law, and in that case by the vote of the holders of such greater amount.

(As completely revised at the annual meeting of shareholders held on the 22nd day of February, 1966; and as amended as to Article FIFTH, at the annual meeting of shareholders held on the 27th day of February, 1973, effective March 1, 1973; and as last amended as to Article TENTH at the annual meeting of shareholders held on the 24th day of February, 1976.)

BYLAWS

OF

FIRST NATIONAL BANK OF OREGON

INDEX

BYLAWS OF

FIRST NATIONAL BANK OF OREGON

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Section 1.1. Place of Meeting. All meetings of shareholders of this Association shall be held at its main office in the City of Portland, Oregon, or such other place as the Board of Directors may designate and as may not be contrary to the provisions of law or of the Articles of Association. The main office is located upon the two blocks bounded by S. W. Columbia and S. W. Jefferson Streets and S. W. Third and S. W. Fifth Avenues, and the address is 1300 S. W. Fifth Avenue, Portland, Oregon.

SCOEPA00001941

MEETINGS OF SHAREHOLDERS

Section 1.2. Annual Meetings. The annual meeting of the shareholders for the election of directors and for the transaction of such other business as may come before the meeting shall be held on the fourth Tuesday in March of each year. The meeting shall be held at 2:00 o'clock in the afternoon of said day unless a different time is stated in the notice.

If in any year no election of directors shall be held on the date herein designated for the annual meeting of shareholders, or at any adjournment of such meeting, such election may be held on any subsequent day in accordance with the provisions of the banking laws of the United States. All elections shall be held according to such regulations as may be prescribed by the Board of Directors, not inconsistent with law or the provisions of these Bylaws.

Every election of directors shall be managed by three judges who shall be appointed from among the shareholders by the Chairman of the meeting. The judges of election shall hold and conduct the election at which they are appointed to serve; and, after the election they shall file with the Secretary of the meeting a certificate under their hands, certifying the results thereof and the names of the directors elected.

SCOEPA00001942

Section 1.3. Special Meetings. Special meetings of the shareholders for any purpose or purposes, unless otherwise prescribed by statute, may be called at any time (a) by any of the following officers (each to act in the order of priority of their respective offices), to-wit, the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Regional Vice President, or any Vice President, provided that, except in the absence of one or more of such officers in whom the right to make such call is vested, such call shall be made by said officers in the order of their respective designations above stated; or (b) by the Board of Directors; or (c) by one or more shareholders holding not less than 25% of the voting power of this Association.

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Section 1.4. Notice of Meetings. Unless otherwise provided by the laws of the United States, a notice of the time, place and purpose of every annual and special meeting of the shareholders shall be given by first-class mail, postage prepaid, mailed at least ten days prior to the date of such meeting to each shareholder of record at his address as shown upon the books of this Association.

Whenever a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than 30 days, it shall not be necessary to give any notice of the time or place of the adjourned meeting or of the business to be transacted thereat other than by announcement at the meeting at which the adjournment is taken.

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Section 1.5. Quorum. At each meeting of the shareholders, the holders of a majority of the issued and outstanding stock of this Association entitled to vote at such meeting shall be present either in person or by proxy to constitute a quorum for the transaction of business except where otherwise provided by law or by these Bylaws. In the absence of a quorum at any meeting or any adjourmment thereof, the shareholders of this Association present in person or by proxy and entitled to vote, by majority vote, shall have the power to adjourn the meeting from time to time until shareholders holding the requisite amount of stock shall be present or represented. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called. The absence from any meeting of the holders of the number of shares required by law or by these Bylaws for action upon any given matter shall not prevent action at such meetings upon any other matter or matters which may properly come before the meeting, if the holders of the number of shares required in respect of such other matter or matters shall be present.

SCOEPA00001945

Section 1.6. Organization. At every meeting of the shareholders the following persons; namely, the Chairman of the Board, the Vice Chairman of the Board, or the President (the person holding the first priority to serve, if present, and if not present, the next in order to serve), or in the absence of all of such persons, a Chairman chosen by a majority vote of the shareholders present in person or by proxy and entitled to vote thereat, shall act as Chairman. The Secretary of the Bank shall act as Secretary at all meetings of the shareholders. In the absence from any such meeting of the Secretary of the Bank, the Chairman may appoint any person present to act as Secretary of the meeting.

SCOEPA00001946

Section 1.7. Voting. Save for the statutory right of shareholders to cumulate their votes for the election of directors, in deciding all questions at meetings of shareholders of this Association, each shareholder of this Association shall be entitled to one vote for each share of stock held by him and then registered in his name on the books of this Association, or if some record date is fixed for the determination of shareholders of record, then registered in his name on such record date. Any vote by stock may be given by the shareholder entitled thereto in person or by his proxy appointed by an instrument in writing, subscribed by such shareholder or by his attorney thereunto authorized and delivered to the Secretary of the meeting.

At all meetings of the shareholders, all matters (except where otherwise provided by law, the Articles of Association or these Bylaws) shall be decided by the vote of the holders of record of a majority of the shares of stock present in person or by proxy and entitled to vote thereat. Unless demanded by a shareholder present in person or by proxy at any meeting and entitled to vote thereon, the vote on any question need not be by ballot. Upon a demand by any such shareholder for a vote by ballot upon any question, such vote by ballot shall immediately be taken.

SCOEPA00001947

MEETINGS OF SHAREHOLDERS

Section 1.8. Determination of Shareholders of Record. The Board of Directors may fix a time in the future as a record date for the determination of the shareholders entitled to notice of and to vote at any meeting of shareholders or entitled to receive any dividend or distribution, or any allotment of rights, or to exercise rights in respect to any change, conversion or exchange of shares. The record date so fixed shall be not more than 50 days prior to the date of the meeting or event for the purposes for which it is fixed. When a record date is so fixed, only shareholders of record on that date are entitled to notice of and to vote at the meeting or to receive the dividend, distribution or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of this Association after the record date.

The Board of Directors may close the books of this Association against transfers of shares during the whole or any part of a period of not more than 50 days prior to the date of a shareholders' meeting, the date when the right to any dividend, distribution or allotment of rights vests, or the effective date of any change, conversion or exchange of shares.

SCOEPA00001948

Section 2.1. General Powers. The property, affairs and business of this Association shall be managed by the Board of Directors. The Board of Directors shall have power and authority to make rules and regulations for the guidance of the officers and employees of this Association and the transaction of its business, not inconsistent with law, and subject to such laws may declare dividends; elect all officers, prescribe their duties and fix and change their compensation; call meetings of shareholders; fix and determine the rate of interest to be paid on deposits; regulate the deposit and withdrawal of funds; provide for the security of public deposits, make all Bylaws deemed necessary or proper for the general regulation of this Association and the management and administration of its affairs within the limitations prescribed by law; and generally to exercise all powers necessary for the transaction of the business of this Association. Nothing herein contained shall limit or restrict the powers conferred by law and the Articles of Association of this Association upon the Board of Directors.

In the event of an emergency declared by the President of the United States or the person performing his functions, the officers and employees of this Bank shall continue to conduct the affairs of the Bank under such guidance from the directors as may be available for the purpose, except as to matters which by statute require specific approval of the Board of Directors, subject at all times to conformance with any governmental directives during the emergency.

SCOEPA00001949

Section 2.2. Number. The Board of Directors of this Association shall consist of such number of its shareholders, not less than five nor more than twenty-five, as from time to time shall be determined by the shareholders or by the Board of Directors, between meetings of the shareholders, in the manner provided by the Articles of Association and by the provisions of law applicable thereto.

SCOEPA00001950

BOARD OF DIRECTORS

Section 2.3. Qualification, Election and Term of Office. Directors shall be shareholders and each director shall hold stock of this Association of a par value then meeting the requirements of the National Bank Act. Directors shall be elected at the annual meeting of the shareholders or at any special meeting of the shareholders, or by the Board of Directors to fill vacancies, as provided by law or by these Bylaws. Each director shall take and subscribe his oath of office in form and manner required by law before entering upon his duties as such director.

At each annual election each director shall be elected to hold office for one year and until his successor is elected and has qualified, or until his death, or until he shall resign or shall have become disqualified or shall have been removed from office. Any director who fails to own stock of this Association in the amount and manner provided by the National Bank Act shall be disqualified and, without the necessity of any formal resignation, shall cease to be a director, provided that no action of the Board of Directors, based upon the vote or written consent of such disqualified director, shall be invalidated by reason of such disqualification until notice of such disqualification shall have been served upon or come to the attention of the Board of Directors.

SCOEPA00001951

Section 2.4. Quorum and Manner of Acting. A majority of all the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting and, except as otherwise expressly provided by law or by these Bylaws, the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum a majority of the directors present, or if only one director shall be present, such director, may adjourn any meeting to a day certain or from day to day or from time to time until a quorum is in attendance. Notice of an adjourned meeting need not be given, except as required by law.

In the event of an emergency declared by the President of the United States or the person performing his functions, a majority of the number of directors that may be available for the transaction of business shall constitute a quorum and be vested with all the powers of this Board, except as to matters which by statute require specific approval of a designated number of directors.

SCOEPA00001952

Section 2.5. First Meeting. The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business as soon as practicable after each annual election of directors on the same day and at the same place at which the shareholders' meeting at which they have been elected has been held or, if permitted by law, as may be otherwise provided by vote of the shareholders at said shareholders' meeting. Notice of such meeting need not be given.

SCOEPA00001953

Section 2.6. Regular Meetings. Regular monthly meetings of the Board of Directors shall be held on the fourth Tuesday of each month, other than the month of March, at the hour of 2:00 o'clock p.m., at the main office of this Association at 1300 S. W. Fifth Avenue in the City of Portland, State of Oregon, or at such other place or places in the State of Oregon as may be authorized as hereinafter provided. The March meeting shall be held immediately following the annual meeting of the shareholders in accordance with the provisions of Section 2.5 of this Article. When any regular meeting of the Board of Directors falls on a holiday, such meeting shall be held upon such other day as the Board of Directors may previously designate by resolution, and if no such other day be designated the said meeting shall be held on the day immediately following the holiday or holidays.

Any regular meeting of the Board of Directors may be held at any other time or place in the State of Oregon when authorized by the Board of Directors at any prior regular or special meeting or by the Chairman of the Board, the Vice Chairman of the Board or the President after the adjournment of such meeting. Notice of regular meetings of the Board of Directors need not be given unless a different time or place for such meeting, other than that prescribed in the first paragraph of this Section, shall have been designated in accordance with the provisions hereof, in which event notice of such meeting, stating the time and place thereof, shall be given in the manner required for notices of special meetings, except that the purpose of the meeting need not be stated.

SCOEPA00001954

Section 2.7. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or by any of the following officers (each to act in the order of priority of his respective office), to-wit: the Vice Chairman of the Board, the President, or any Executive Vice President; and special meetings of the Board of Directors shall be called by the Chairman of the Board or by any of said officers at the written request of three or more directors. Special meetings shall be held at the main office of this Association at 1300 S. W. Fifth Avenue in the City of Portland, State of Oregon, or at such other place in the State of Oregon as may be specified in the notice thereof.

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Section 2.8. Special Meetings - Notice. Notice of special meetings shall be given by written or printed notice served on each director personally, or by leaving the same at his place of business or residence, or by mailing the same in the City of Portland, State of Oregon, with the postage thereon fully prepaid, addressed to the director at his last known place of business or residence, or by telegraphing the same to the director at his last known place of business or residence at least 24 hours before the hour appointed for holding such meeting. Such notice may also be given orally, or by telephone, provided such notice is confirmed in writing.

Said notice shall state the time, place and purpose of the meeting. A record of such notice, by whom given and the manner in which given shall be entered upon the minutes of any special meeting of the Board of Directors, and the said minutes on being read and approved at any subsequent meeting of the Board shall be conclusive upon the question of service.

The attendance of any director at any regular or special meeting of the Board of Directors, or a prior or subsequent consent thereto, shall constitute a waiver of any such notice and a consent to the holding of such meeting and to the consideration and action upon all matters which may come before such meeting.

SCOEPA00001956

Section 2.9. Organization. The Chairman of the Board of Directors shall be elected by a majority of the directors at the annual organization meeting.

At any meeting of the Board of Directors the following persons (each, if present, being entitled to act in the order of priority as hereinafter set forth) to-wit: the Chairman of the Board, the Vice Chairman of the Board, the President or in the absence of all of such persons, a director to be chosen by a majority of the directors present, shall act as Chairman. The Secretary of the Bank, or in his absence such person as may be designated by the Chairman, shall act as Secretary of the meeting.

SCOEPA00001957

Section 2.10. Order of Business. At all meetings of the Board of Directors business shall be transacted in such order as the Board of Directors may from time to time by resolution determine, or in the absence of such determination as the Chairman of the meeting may determine. The minutes of meetings of the Executive Committee held since the last meeting of the Board of Directors shall be read at length and notation of such reading shall be entered upon the minutes of the Board of Directors.

Section 2.11. Resignations. Any director of this Association may resign at any time by giving notice to any of the following persons, to-wit: the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive Vice President, or to the Secretary of this Association. The resignation of any director shall take effect at the date of receipt of such notice or at any later date specified therein. Unless otherwise specified therein, the acceptance of such resignation by the Board of Directors shall not be necessary to make it effective.

SCOEPA00001959

BOARD OF DIRECTORS

Section 2.12. Vacancies. Any vacancy in the Board of Directors caused by death, resignation, removal, or any other cause, including disqualification as provided in Article II, Section 2.3 of these Bylaws, shall be filled by a majority vote of the remaining directors in office, though less than a quorum, or by a sole remaining director, provided that any vacancy not filled by the directors may be filled at any special meeting of shareholders by vote of shareholders entitled to exercise a majority of the voting power of this Association. Each director so elected shall hold office for a term to expire at the next annual election of directors and until his successor shall be duly elected and qualified, or until his death, or until he shall resign or shall have become disqualified or shall have been removed from office in the manner herein provided. During the existence of any vacancy, howsoever caused, the remaining directors shall possess and exercise all of the powers of the Board of Directors.

SCOEPA00001960

Section 2.13. Compensation. Directors, other than salaried officers, shall receive such compensation as may be fixed by the Board of Directors. Directors may receive compensation, fees and reimbursement of expenses as herein provided for services on the Executive Committee or on any other Committee of the Board or for any special services rendered upon and under the directions of the Board. Any director living outside of the County of Multnomah shall be entitled to reimbursement for all expenses incurred by him in attending meetings of the Board, the Executive Committee or any other Committee of which he may be a member, subject to the right of the Board to fix the maximum aggregate amount of all such expenses of any one director. No director of this Association who receives any salary as an officer thereof shall receive any per diem or other compensation for attending any meeting of the Board of Directors or of the Executive Committee, or of any other Committee. The Board of Directors shall have power to fix the compensation of all officers and employees of this Association.

SCOEPA00001961

BOARD OF DIRECTORS

Section 2.14. Advisory Directors. In addition to the members of the Board of Directors to be elected in the manner, with the power and authority and for the purposes stated in this Article, the Board of Directors shall be and is authorized to appoint such number of Advisory Directors of this Association as the Board, in its discretion, may deem appropriate.

The Advisory Directors may, but need not, attend meetings of the Board of Directors but shall act in an advisory capacity only, without authority to vote and without responsibility for the management of the affairs of the Bank. They may also serve in the same advisory capacity on any Directors' Committee to which they may be appointed. They shall be entitled to such fees and travel expenses, whether for attendance at meetings of the Board of Directors or of any Committees appointed by the Board, as the Board of Directors may from time to time prescribe.

The term of office of Advisory Directors shall correspond to the term of office of the members of the Board of Directors by which they were appointed, but shall be subject to termination at any time at the pleasure of the Board. The Advisory Directors may resign at any time in the manner prescribed by Section 2.11 of this Article.

SCOEPA00001962

Section 3.1. Executive Committee. During the intervals between the meetings of the Board of Directors the general management and conduct of this Association shall be vested in the Executive Committee. The Executive Committee shall be composed of five or more directors as the Board of Directors may from time to time designate and appoint. The Chairman of the Board and the Vice Chairman of the Board shall each be a member of the Executive Committee by virtue of his office. All members of the Executive Committee shall enjoy the same privilege of voice and vote and shall have the same rights and duties.

The Executive Committee shall hold regular and special meetings at such time and place and upon such notice as may be determined by the Committee and shall keep true and correct minutes of all meetings. Special meetings may be called by the Chairman of the Board, the Vice Chairman of the Board, or by any three members of said Committee. The Chairman of the Board shall preside at all meetings of the Executive Committee, if present, and, if not present, the Vice Chairman of the Board shall preside.

Subject to the review of its actions by the Board of Directors, the Executive Committee shall decide all questions of policy and personnel including, but not limited to, all proposed changes in the Bank's salary program and salary structure, and shall have general management of the affairs of this Association, except the power to perform such functions as the Board itself is charged with the duty of exercising by applicable statutes or by the rulings or regulations of federal supervising agencies or by generally accepted corporate practice, including, but not limited to, the declaration of dividends and the adoption, amendment or repeal of Bylaws.

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SCOEPA00001963

Prior to each regular monthly meeting of the Board of Directors the Executive Committee shall file with the Board copies of all minutes of all meetings of such Committee held subsequent to the last preceding meeting of the Board.

In the event of a state of disaster of sufficient severity to prevent the conduct and management of the affairs and business of this Bank by its directors and officers as contemplated by these Bylaws, and in the event of the unavailability, at such time, of a minimum of two members of the then incumbent Executive Committee, as provided in Section 3.6 of this Article, any three available directors shall constitute the Executive Committee for the full conduct and management of the affairs and business of this Bank, including, but not limited to, all the powers reserved to or vested in the Trust Committee as well as the Executive Committee.

SCOEPA00001964

Section 3.2. Examining Committee. There shall be appointed by the Board of Directors an Examining Committee consisting of such number of directors as the Board of Directors may decide upon and appoint, but in no event consisting of less than three members. No member of the Examining Committee shall be an officer of this Association.

Subject to the right of the Examining Committee to use reports of examinations and other information and data submitted to it by the Examining Department of this Bank and the National Bank Examiners, the Examining Committee shall examine all the affairs of this Association and perform such other duties as the Board of Directors or the Executive Committee may from time to time assign to it.

The Examining Committee shall report to the Board of Directors at each regular meeting of the Board, but in any event at least once each month. The Examining Committee shall have the power to employ such assistance in the performance of its duties as it may deem necessary.

SCOEPA00001965

Section 3.3. Trust Committee. The Board of Directors shall appoint a Trust Committee, to consist of not less than three Directors of this Association other than active officers. Officers of the Association may also serve on this Committee at the discretion of the Board. The duties, responsibilities and functions of this Committee shall be as follows:

(1) To review and evaluate the general policies relating to the conduct of the Trust Division, the investment of trust funds and the disposition of all trust assets;

(2) To be responsible for review of the acts of the Trust Investment Committee and the Trust Acceptance Committee;

(3) To appoint such sub-committees with such power and authority, duties and responsibilities as it may deem appropriate for the accomplishment of the purposes herein authorized; and

(4) To hold formal meetings as a Committee; to maintain separate minutes of all meetings and to include therein information concerning members present, members absent and a record of voting upon each matter considered by the Committee; to file with the Board of Directors copies of all minutes and such reports and recommendations as the Board may request, or as the Committee may consider necessary or proper.

SCOEPA00001966

ARTICLE III

COMMITTEES

Section 3.4. Personnel and Salary Committee. There shall be appointed by the Board of Directors a Personnel and Salary Committee to consist of not less than three Directors. The Chairman of the Board shall be a member of the Committee by virtue of his office and shall be Chairman thereof. The duties, responsibilities and functions of this Committee shall be as follows:

(1) To consider and recommend to the Board or the Executive Committee any changes in the salary compensation, titles or positions of such officers as the Committee may deem appropriate;

(2) To review and evaluate at reasonable intervals the salary administration and job evaluation program of this Association, and to consider, act upon and recommend to the Board or the Executive Committee, when deemed appropriate, any recommendations of Management with reference to proposed revisions in salary rates or methods of compensation of members of the Bank staff;

(3) To consider, evaluate and recommend to the Board or the Executive Committee, when deemed appropriate, any recommendations of Management pertaining to new personnel policies and programs, or changes in existing policies and programs, including, but not limited to, a full range of employee benefit plans which will promote higher levels of staff morale resulting in higher degrees of productivity and efficiency;

(4) To be responsible for review of all loans obtained by executive officers from this Association and for review of all reports of executive officers of loans obtained from other banks; and

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SCOEPA00001967

(5) To hold formal meetings as a committee at such times as may be determined by it and to prepare and file with the Board or the Executive Committee such reports and recommendations, at any time or from time to time, as the Committee may consider necessary or proper in the accomplishment of the purposes hereinabove stated.

SCOEPA00001968

ARTICLE III

COMMITTEES

Section 3.5. Other Committees. The Board of Directors or the Executive Committee or, pursuant to the authority of the Board of Directors or the Executive Committee, the Chairman of the Board may from time to time create and appoint any other Committee or Committees, or Subcommittee or Subcommittees, whether composed of directors, officers or employees, with such duties, responsibilities and authority as may be prescribed by the Board of Directors or the Executive Committee, or by the Chairman of the Board pursuant to the authority of the Board of Directors or of the Executive Committee.

A majority of all the members of any such Committee or Subcommittee may determine its action and fix the time and place of its meetings. The Board of Directors, or any of said officers upon whom authority has been conferred by the Board to appoint such Committee or Subcommittee, shall have power to change the members of any such Committee or Subcommittee, respectively, at any time, to fill vacancies, and to dissolve any such Committee or Subcommittee, respectively, at any time. Any Committee may appoint one or more Subcommittees, of its own members, to advise with such Committee, or to apportion the work of such Committee.

SCOEPA00001969

Section 3.6. Quorum. A majority of all the members of any Committee, if an odd number, or fifty per cent thereof if an even number, exclusive of ex-officio members, if any, shall constitute a quorum for the transaction of business at any meeting, provided that if any ex-officio members are present, he or they shall be included in the determination of the quorum and in the number required for that purpose. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of the Committee unless otherwise prescribed by resolution of the Board of Directors or of the Executive Committee.

In the absence of a quorum a majority of the members present, or if only one member is present, such member, may adjourn any meeting to a day certain or from time to time until a quorum is in attendance. Notice of an adjourned meeting need not be given.

In the event of a state of disaster of sufficient severity to prevent the conduct and management of the affairs and business of this Bank by its directors and officers as contemplated by these Bylaws, any two or more available members of the then incumbent Executive Committee shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of this Bank in accordance with the provisions of Section 3.1 of this Article.

SCOEPA00001970

ARTICLE IV

OFFICERS

Section 4.1. Number and Titles--Authorized Signers. The officers of this Association shall be a Chairman of the Board, a Vice Chairman of the Board, a President, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Regional Vice Presidents, one or more Vice Presidents, one or more Assistant Vice Presidents, a Secretary, one or more Assistant Secretaries, a Cashier, one or more Assistant Cashiers, an Executive Trust Officer, a Senior Trust Officer, one or more Trust Officers, one or more Assistant Trust Officers, a Comptroller, one or more Assistant Comptrollers, a Corporate Counsel, one or more Associate Corporate Counsels, a General Auditor, a Chief Examiner, one or more Senior Examiners, one or more Examiners, and EDP Auditor, a Trust Auditor, one or more Assistant Auditors, one or more Investment Officers, one or more Assistant Investment Officers, one or more Managers of Offices, and this Association may also have, at the discretion of the Board of Directors or the Executive Committee, Assistant Managers of Offices and such other officers, including pro-assistant, as the Board or the Executive Committee may by resolution create or as may be elected or appointed in accordance with the provisions of Section 4.2 of this Article IV

Any of the above mentioned offices may be left vacant at any time or from time to time, subject to being filled in the discretion of the Board of Directors or of the Executive Committee. The Chairman of the Board, the Vice Chairman of the Board and the President shall each be a member of the Board of Directors. It shall not be necessary for any other officers of this Association to be members of the Board of Directors.

The Board of Directors or the Executive Committee, from time to time, may authorize any person or persons to execute instruments, documents or agreements on behalf of this Association as "Authorized Signer" and such person or persons shall have such authority and duties as may be prescribed from time to time by the Board of Directors, the Executive Committee or the Chairman of the Board.

SCOEPA00001971

Section 4.2. Election or Appointment. The officers shall be elected or appointed by the Board of Directors at the first meeting after the election of the Board and shall hold office during the pleasure of the Board. Other officers, either in addition to or in place of officers elected or appointed at the first meeting of the Board, may also be elected or appointed by the Board of Directors or by the Executive Committee at any regular or special meeting during the year.

Notwithstanding anything to the contrary in these Bylaws contained, the Chairman of the Board may, in the interim between meetings of the Board of Directors or of the Executive Committee, make appointments pro tem to the offices of Assistant Secretary, Assistant Cashier, Assistant Trust Officer, Assistant Comptroller, Assistant Examiner, Assistant Auditor, Assistant Investment Officer, Manager of Offices or Assistant Manager of Offices, either for the purpose of filling a vacancy or of increasing the number of officers, which appointees shall hold office until the next regular or special meeting of the Executive Committee or of the Board of Directors, either of which bodies may in its discretion approve or disapprove any such appointments.

SCOEPA00001972

OFFICERS

Section 4.3. Duties and Bonds. One person may hold more than one office, except that one person may not at one time hold both offices of President and Vice President or of President and Secretary. When the signature of two officers are required, a person holding two offices shall act or sign only in his capacity as one of such officers.

The duties and authority of the officers of this Association, other than as provided by law or specifically set forth in these Bylaws, shall be such as have been or may be prescribed and established by the Board of Directors or the Executive Committee at any time or from time to time.

The Board of Directors shall provide for such fidelity insurance and surety bonds covering the officers and employees of this Association as it may determine to be prudent and advisable in the interests of this Association.

SCOEPA00001973

ARTICLE IV

OFFICERS

Section 4.4. Chairman of the Board. The Chairman of the Board shall be the chief executive officer of this Association with general executive supervision of its business and affairs. He shall be ex officio a member of all committees except any committees upon which officers of this Association are prohibited by law or these Bylaws from serving.

SCOEPA00001974

Section 4.5. Vice Chairman of the Board. The Vice Chairman of the Board shall have such powers and authority as may be prescribed by the Board of Directors, the Executive Committee or the Chairman of the Board.

SCOEPA00001975

Section 4.6. President. The President shall have such powers and authority as may be prescribed by the Board of Directors, the Executive Committee or the Chairman of the Board.

SCOEPA00001976

Section 4.7. Executive Vice Presidents. The Executive Vice Presidents shall perform all the duties and exercise all the powers of the Senior Vice President, the Regional Vice President and the Vice President which have been or may be given to the offices of Senior Vice President, Regional Vice President and Vice President by these Bylaws or by resolution of the Board of Directors or of the Executive Committee. Wherever in these Bylaws or in any resolution of the Board of Directors or of the Executive Committee, or in any other manner, a duty is or has been imposed upon, or a power is or has been granted to, a Senior Vice President, a Regional Vice President or a Vice President, it shall be deemed likewise imposed upon or granted to an Executive Vice President unless a contrary intent expressly appears.

The Executive Vice Presidents shall also perform such other duties as are or may be imposed upon them by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001977

Section 4.8. Senior Vice Presidents. The Senior Vice President shall perform all the duties and exercise all the powers of the Regional Vice President and the Vice President which have been or may be given to the offices of Regional Vice President and Vice President by these Bylaws or by resolution of the Board of Directors or of the Executive Committee. Wherever in these Bylaws or in any resolution of the Board of Directors or of the Executive Committee, or in any other manner, a duty is or has been imposed upon, or a power is or has been granted to a Regional Vice President or a Vice President, it shall be deemed likewise imposed upon or granted to the Senior Vice President unless a contrary intent expressly appears.

The Senior Vice Presidents shall also perform such other duties as are or may be imposed upon them by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001978

Section 4.9. The Vice Presidents. Any of the Vice Presidents, one or more of whom may be designated Regional Vice President, irrespective of his rank and of the presence or absence of the President, shall execute and deliver such documents and perform such duties as may be authorized or prescribed by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001979

Section 4.10. The Assistant Vice Presidents. The Assistant Vice Presidents shall perform such special duties as may be required of them by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001980

Section 4.11. The Secretary. The Secretary shall act as Secretary of all meetings of the shareholders, the Board of Directors and the Executive Committee, and shall perform such other duties as may be imposed upon or assigned to him by law or from time to time by the Board of Directors, the Executive Committee or the Chairman of the Board.

The Board of Directors may also appoint one or more Assistant Secretaries who shall generally assist the Secretary and perform such other or further duties as may be prescribed by the Board of Directors, the Executive Committee or the Chairman of the Board.

SCOEPA00001981

OFFICERS

Section 4.12. The Cashier. The Cashier shall be responsible for the Bank's compliance with Federal or State statutes and regulations; for the issuance of circulars, Standard Practice Manual sheets and other official communications. He shall provide suitable controls and review of operations and maintain adequate research in the area of procedures and systems and shall maintain adequate insurance coverage to protect the bank. He shall likewise perform such other duties and have such other powers as may be prescribed from time to time by the Board of Directors, the Executive Committee, or the Chairman of the Board.

Any other officers who have been designated by the Board of Directors or the Executive Committee or by the Chairman of the Board shall assist the Cashier in the performance of his duties. In the absence of the Cashier or his inability to act, his duties may be performed by any officer who shall have been designated by the Board of Directors, the Executive Committee, or by the Chairman of the Board as the acting Cashier to serve in place and instead of the Cashier during such period.

SCOEPA00001982

Section 4.13. The Trust Officers. The Trust Officers and Assistant Trust Officers shall, generally, perform the duties usually and customarily performed by the Trust Officer according to established and proper banking usage, within the limitations of the law and regulations applicable thereto. Trust Officers may be designated as Executive Trust Officer or Senior Trust Officer. The Assistant Trust Officers shall assist the Trust Officer. They shall perform such special duties as may be required of them by the Board of Directors, the Executive Committee or the Chairman of the Board.

Any Trust Officer or any Assistant Trust Officer shall have the right to sign as Trust Officer and Assistant Trust Officer, respectively, any and all checks, vouchers and drafts, and to execute all receipts and other instruments in writing, necessary in the conduct of the Trust Division.

SCOEPA00001983

Section 4.14. General Auditor - Chief Examiner - Senior Examiners - Examiners - EDP Auditor - Trust Auditor - Assistant Auditors. The Board of Directors shall appoint a General Auditor, a Chief Examiner, one or more Senior Examiners, an EDP Auditor, a Trust Auditor, and one or more Assistant Auditors with such powers and duties as may be prescribed by the Board of Directors or the Examining Committee.

The General Auditor, Chief Examiner, Senior Examiners, Examiners, EDP Auditor, Trust Auditor, and Assistant Auditors shall be accountable only and subject to instructions of the Board of Directors or the Examining Committee. It shall be the responsibility of the above named officers to audit or cause to be audited or examined all of the books, accounts and loans of this association, including Headquarters, Head Office and the various branch offices and departments thereof, not less frequently than once in each period of 15 months. Reports of such audits and examinations shall be filed with the Examining Committee of the Board of Directors and copies shall be filed simultaneously with the Chairman of the Board and such officers as may be designated by the Chairman of the Board.

SCOEPA00001984

Section 4.15. Managers of Offices. Managers of Offices shall have general executive supervision over the business and affairs of their respective offices in accordance with the general policies and practices established by the Board of Directors and under the general direction of the Regional Vice President in charge of their region.

In the absence or inability to act of any Manager of an Office, his duties may be performed by an Assistant Manager of that office or by such other officer as may be designated for that purpose by the Regional Vice President in charge of the region in which such office is located.

SCOEPA00001985

Section 4.16. The Comptroller. The Comptroller shall be responsible for the Bank's Central Accounting; control reports; budgets; tax accruals; financial reports to management, directors and supervisory authorities; cost accounting and analysis and financial evaluations. He shall also perform such other duties and have such other powers as may be prescribed from time to time by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001986

Section 4.17. The Corporate Counsel. The Corporate Counsel shall perform such special duties as may be required of him by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001987

Section 4.18. The Assistant Corporate Counsels. The Assistant Corporate Counsels shall perform such special duties as may be required of them by the Board of Directors, the Executive Committee, or the Chairman of the Board.

SCOEPA00001988

CONVEYANCES AND TRANSFERS

Section 5.1. Conveyances and Transfers. Authority to convey real property, transfer personal property, sign, execute and deliver deeds, leases, contracts, notes, negotiable instruments, agreements and all other written instruments and documents for and on behalf of this Association, other than as set forth in these Bylaws or as prescribed by law, may be prescribed by resolutions adopted by the Board of Directors of this Association from time to time.

SCOEPA00001989

Section 6.1. Banking Hours. This Association and the various offices thereof shall be open for business on such days of the year, excepting those days designated by the laws of the State of Oregon as "Legal Holidays" on which banks are required to remain closed, and during such hours of the day as the Board of Directors or the Executive Committee may prescribe, it being understood that such days or hours of the day on which the various offices of this Bank close or remain open for business may be varied depending upon the circumstances, provided only that the days and hours thereof so prescribed shall conform to the laws of the State of Oregon with reference thereto.

SCOEPA00001990

Section 7.1. Waiver of Notice. Whenever any notice whatever is required to be given by law or by these Bylaws or the Articles of Association, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to such notice.

SCOEPA00001991

ARTICLE VIII

SHARES OF STOCK AND THEIR TRANSFER

Section 8.1. Certificates of Stock. Certificates for shares of capital stock of this Association shall be in such form as shall be approved by the Board of Directors. Such certificates shall be signed by the Chairman of the Board, the Vice Chairman of the Board, the President or any Executive Vice President and by the Cashier or any Assistant Cashier and shall bear the seal of this Association or a facsimile thereof. The signatures of such officers thereon may be facsimiles. In case any such officer who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such before such certificate is issued, it may be issued by this Association with the same effect as if such officer had not ceased to be such at the time of its issue. In case of a lost, stolen or destroyed certificate, a new one may be issued therefor upon such terms and indemnity to this Association as the Board of Directors may prescribe.

SCOEPA00001992

Section 8.2. Transfer of Stock. Transfer of shares of capital stock of this Association shall be made only on the books of the Association by the registered holder thereof or by his attorney thereunto authorized by power of attorney duly executed, and on surrender of the certificate or certificates of such shares properly endorsed or accompanied by a proper instrument of transfer. The Board of Directors may make such additional rules and regulations as it may deem expedient concerning the issue, registration, transfer and replacement of certificates for shares of capital stock of this Association and may appoint one or more transfer agents, transfer clerks or registrars. This Association shall be entitled to treat the holder of record of any share or shares of capital stock as the owner thereof in fact.

SCOEPA00001993

Section 8.3. Closing of Transfer Books. The transfer books may be closed for the purposes of any meeting of shareholders or the payment of dividends or for any other purpose, at such time and for such period not exceeding 50 days, as the Board of Directors may direct. In lieu of closing the transfer books, the Board of Directors may in its discretion fix a day and hour not more than 50 days prior to the day designated for the holding of any meeting of the shareholders or the day appointed for the payment of any dividends or for any other purpose as the time as of which shareholders entitled to notice of and to vote at such meeting or to receive such dividend or to be treated as shareholders for such other purpose shall be determined, and only shareholders of record at such time shall be entitled to notice of or to vote at such meeting or to receive such dividends or to be treated as shareholders for such other purpose.

SCOEPA00001994

Section 9.1. Seal. The seal of the Association shall be in the form impressed on the margin of this Article IX. In the execution on behalf of this Association of any instrument, document, writing, notice or paper it shall not be necessary to affix the corporate seal of this Association thereon, and any such instrument, document, writing, notice or paper when executed without said seal affixed thereon shall be of the same force and effect and as binding on this Association as if said corporate seal had been affixed thereon in each instance. Said seal, if required, may be affixed, imprinted or reproduced by facsimile on any instrument or document, including certificates for shares of stock of this Association.

SCOEPA00001995

ARTICLE X

AMENDMENTS TO BYLAWS

Section 10.1. Amendments to Bylaws. These Bylaws may be altered, amended or repealed, or new Bylaws may be adopted, by the Board of Directors at any regular meeting of the Board, without prior notice, or at any special meeting called for the purpose.

SCOEPA00001996

Comptroller of the Currency

TREASURY DEPARTMENT

OF THE UNITED STATES

Washington, D. C.

Pursuant to authority vested in the Comptroller of the Currency by the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 U.S.C. 92a

FIRST NATIONAL BANK OF OREGON

located in Portland, Oregon, has been granted the right to act as Trustee, Executor, Administrator, Registrar of stocks and bonds, Guardian of estates, Assignee, Receiver, Committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with National Banks, are permitted to act under the laws of the State of Oregon. The exercise of such rights shall be subject to regulations prescribed by the Comptroller of the Currency.

IN TESTIMONY WHEREOF, witness my signature and seal of office this twelfth day of February, 1964

Comptroller of the Currency

CERTIFIED TO BE A TRUE AND CORRECT COPY OF THE ORIGINAL DOCUMENT

FIRST NATIONAL BANK OF OREGON

BY _____

ASSISTANT TRUST OFFICER

SCOEPA00001997

RESOLUTION 2

RESOLVED that any two of the following, to-wit: the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Regional Vice President, any Vice President, any Assistant Vice President, the Secretary, the Cashier, the Comptroller, any Senior Trust Officer, any Trust Officer, and the Manager of any branch, or any one of them in conjunction with any Assistant Cashier, any Assistant Secretary, any Assistant Comptroller, any Assistant Trust Officer, any Investment Officer, any Assistant Investment Officer, or any Assistant Manager of any branch, be and they are hereby authorized and empowered for and on behalf of this association to make, execute and deliver letters of credit, letters of indication for travelers' letters of credit, acceptances and all other instruments involving payments, transfers of funds or delivery of securities, except as hereinafter provided.

RESOLVED FURTHER, that the following, to-wit: the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Regional Vice President, any Vice President, any Assistant Vice President, the Secretary, the Cashier, the Comptroller, any Senior Trust Officer, any Trust Officer, any Assistant Cashier, any Assistant Secretary, any Assistant Comptroller, any Assistant Trust Officer, any Investment Officer, any Assistant Investment Officer, any Manager or Assistant Manager of any branch of this association or any other person or persons from time to time by this Board or the Executive Committee authorized to execute documents as "Authorized Signer," be and each of them is hereby authorized and empowered for and on behalf of this association:

(a) to make, execute and deliver any certified checks, cashier's checks or similar items, domestic drafts, foreign drafts, mail payment orders, authorizations to charge this association's due from accounts in settlement of foreign collections, certificates of deposit, bills of exchange and advices thereof, foreign exchange contracts, contracts relating to loans, contracts relating to deposits, contracts relating to purchase or sale of personal property, releases, satisfactions, assignments, reassignments, reconveyances or transfers of any mortgages, deeds of trust, contracts of sale, bonds, certificates of stock, judgments, certificates of sale issued by public officers, instruments, statements or obligations of any kind concerning or affecting personal property now or hereafter held by the Bank in its corporate capacity, cards or letters of introduction and confirmation thereof, confirmations of telegraphic transfers, orders on warehouses for delivery of goods, and endorsements on bills of lading, warehouse receipts, insurance certificates or policies or other instruments of a similar nature; and

(b) to witness the execution and acknowledgment of the assignement of any United States registered bond or note or any other bond or note and of any certificates of stock, and to guarantee the signature on any assignment of any United States registered bond or note or any other bond or note or of any stock certificate, and to witness the execution and acknowledgment of any other document or instrument which the law permits to be witnessed by an officer of a bank, and to guarantee the signatures or endorsements thereon.

RESOLVED FURTHER, that the following officers of this association, to-wit: the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Regional Vice President, any Vice President, any Assistant Vice President, the Secretary, the Cashier, the Comptroller, any Assistant Secretary, any Assistant Comptroller, any Senior Trust Officer, any Trust Officer, any Assistant Trust Officer, any Investment Officer, any Assistant Investment Officer, and any Assistant Cashier be and each of them is hereby authorized and empowered for and on behalf of this association to execute or countersign in any fiduciary capacity any certificates of beneficial interest, voting trust certificates, certificates of deposit for bonds or stocks of a corporation, notes and debentures, to authenticate or

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certify in any fiduciary capacity any interim receipts, bonds, debentures, collateral trust notes, participation certificates, mortgage notes, certificates of beneficial interest or other evidences of indebtedness and to countersign any certificates of stock as registrar or transfer agent.

RESOLVED FURTHER, that in the execution, countersigning, authentication or certification of any of the documents mentioned in any of the foregoing resolutions the officers and other persons herein authorized to perform such functions may adopt or use the signing title "Authorized Signer," and that such designation may also be used by such individuals as may be subsequently authorized from time to time by this Board or the Executive Committee to execute any of the documents herein described or referred to:

RESOLVED FURTHER, that the Chairman of the Board of this Bank is authorized to execute and deliver the "Authorization Letter to Our Correspondents," outlining the authority vested in such officers and other persons by these resolutions.

BE IT FURTHER RESOLVED that the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Regional Vice President, any Vice President and the Cashier of this Bank, or any of them, acting for and on behalf of this Bank, be and they are hereby authorized and empowered to execute and deliver to the correspondents of this Bank and to any others who may be interested therein or affected thereby any revision or revisions of authorized signatures from time to time as occasion requires and as in their discretion may be reasonably necessary or proper.

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Digest of Authorization	Authority Delegated to
Authorizes execution of letters of credit, acceptances and similar instruments involving payments, deliveries or transfers of funds or securities.	All officers from Chairman of the Board to and including Assistant Cashiers. TWO signatures (in the combination stated therein) are required.
Authorizes execution or certification of checks, drafts, mail payment orders, certificates of deposit, loan contracts, deposit contracts, assignments, releases and satisfactions, contracts relating to purchase or sale of personal property, and other documents, and also witnessing and acknowledgment of assignment of registered bonds, guarantee of signatures on any assignments, stock certificates etc.	Any ONE of the above mentioned.
Authorizes execution, in any fiduciary capacity, of certificates of beneficial interest, etc., authentication of interim receipts, bonds, etc., and countersigning of certificates of stock as registrar or transfer agent.	Any ONE of the above mentioned EXCEPT Branch Managers, Assistant Managers, and "Authorized Signers."
Authorizes execution and delivery of Authorization Letters to correspondent banks and others.	Chairman of the Board.
Authorizes execution of advices or certifications whenever necessary to effect name and title changes in the Bank's official record of "Authorized Signatures" issued to banks and other financial corporations.	Chairman of the Board, Vice Chairman of the Board, President, any Executive Vice President, any Senior Vice President, any Regional Vice President, any Vice President or the Cashier.
Authorizes any of the above designated officers to sign documents therein described as "Authorized Signer."	

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RESOLUTION 15

RESOLVED that any Vice President, any Assistant Vice President, any Trust Officer or any Assistant Trust Officer of the Bank, or any of them, acting for and on its behalf and as its act and deed, be and each of them is hereby authorized and empowered:

(a) To qualify and accept appointment, either alone or with another or others, as executor, administrator, guardian, conservator, trustee, agent, assignee, receiver, depositary, transfer agent, registrar, or in any other representative or fiduciary capacity; to sign and execute for and on behalf of this Bank such agreements, indentures or other documents necessary to effect such appointments and to take and subscribe to any oath which may be necessary or required by law upon such qualification to act in any of the capacities herein stated; and to sign and execute for and on behalf of this Bank all applications, notices, pleadings, petitions and other papers, documents or instruments that may be requisite, expedient or proper for this Bank to sign, make or file in the performance of any of its duties in any of the capacities hereinabove mentioned;

(b) To make, execute and deliver any and all bills of sale, assignments, transfers, contracts, agreements or other documents or interests with reference to any personal property now or hereafter held by this Bank in trust in any of the capacities or for any of the purposes hereinabove stated;

(c) To make, execute and deliver full or partial releases, satisfactions, assignments, re-assignments, re-conveyances or transfers of any mortgages, deeds of trust, contracts of sale, bonds, certificates of stock, judgments, certificates of sale issued by public officers, agreements or documents, instruments or obligations of any kind affecting or concerning personal property only now or hereafter held by this Bank in trust in any of the capacities or for any of the purposes hereinabove mentioned;

(d) To sign or execute all transfers, powers of attorney to effect transfers, dividend orders, endorsements or assignments of corporate stocks, registered bonds, trustee's certificates, trust receipts, or evidences of indebtedness of any nature, whether held by this Bank in its own name or in any representative or fiduciary capacity;

(e) To sign or execute checks and drafts drawn upon or charged against trust funds or Trust Division bank balances, and also receipts or other documents or instruments evidencing the deposit of property in safekeeping or in escrow, including the right to agree on behalf of this Bank to the terms under which said property is deposited in safekeeping or in escrow; and also to sign or execute any other documents, papers or notices that may be necessary, requisite or expedient for this Bank to sign, execute or deliver in the performance of any of its trust functions.

RESOLVED FURTHER that the Senior Vice President and Senior Trust Officer is authorized and empowered to establish and maintain proper controls over the custody of all assets received in any fiduciary relationship, including the designation from time to time of the individuals charged with the responsibility for joint custody over such assets.

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Digest of Authorization	Authority Delegated to
Officers qualified to act in discharge of specified duties and responsibilities in the operation of the Trust Division.	Any Vice President, any Assistant Vice President, any Trust Officer or any Assistant Trust Officer
[illegible] for establishing custody and control over [illegible]	Senior Vice President [illegible]

5.2

TRUSTEE'S ACCEPTANCE CERTIFICATE

First National Bank of Oregon hereby accepts the duties and obligations of Trustee and Paying Agent under Ordinance No. 245 of The Port of Portland (the "Port") enacted March 14, 1979 (the "Ordinance"), and First National Bank of Oregon also hereby accepts the assignment by the Port to it, as Trustee, of the receipts and revenues derived by the Port pursuant to the Installment Sale Agreement, dated April 15, 1979, between the Port and Wacker Siltronic Corporation as set forth in the Ordinance.

IN WITNESS WHEREOF, First National Bank of Oregon, as Trustee, has caused this Certificate to be executed and its corporate seal to be affixed hereunto and the same to be duly attested all as of the 26th day of April, 1979.

First National Bank
of Oregon, Trustee

By _____
Asst. Trust Officer

(SEAL)

Attest:

By _____

April 26, 1979

The Port of Portland, Oregon
Portland, Oregon

Sirs:

Pursuant to the Bond Purchase Agreement, dated April 15, 1979, between you and the undersigned, we hereby acknowledge receipt of $3,430,000 aggregate principal amount of The Port of Portland Pollution Control Revenue Bonds, 1979 Series (Wacker Siltronic Corporation) as listed in Schedule A attached hereto.

We hand you hereby a certified check drawn to the order to The Port of Portland, in the amount of $3,437,002.93 which constitutes full payment in accordance with the aforesaid Bond Purchase Agreement as follows:

Purchase price	$3,430,000.00
Plus accrued interest from April 15, 1979 to April 27, 1979 on such Bonds	7,002.93
Total amount of check	$3,437,002.93

Very truly yours,

FIRST NATIONAL BANK OF OREGON

By _____

COMMERZBANK

By _____

DRESDNER BANK

By _____

Receipt is hereby acknowledged of the above-mentioned check constituting full payment for the above-mentioned bonds.

THE PORT OF PORTLAND, OREGON

By _____
Assistant Secretary

Schedule A

Name of Purchaser	Amount of Bonds
1. First National Bank of Oregon	$ 700,000
2. Commerzbank	$1,365,000
3. Dresdner Bank	$1,365,000

Dresdner Bank

807715

1-830
260

CASHIER'S CHECK

Date APRIL 26, 1979

Pay to the order of FIRST NATL. BANK OF OREGON

$ 1,718,501.46

PAY ONE MILLION SEVEN HUNDRED EIGHTEEN THOUSAND FIVE HUNDRED ONE AND 46/100 Dollars

Dresdner Bank
Aktiengesellschaft
New York Branch
60 Broad Street
New York, N. Y.

⑆0260⑈0830⑆

Dresdner Bank

.4.26.79

Wir überreichen Ihnen anbei Scheck Nr. 807715
We hand you the attached check no.

FIRST NATL. BANK OF OREGON

100 006

P & R DEPT.
wegen / concerning

REF: WACKER SILTRONIC

CONTRO PRO DIVERSE

Vor Inkasso bitte Scheck von diesem Avis trennen.
For collection please separate the check from this advice.

Dresdner Bank
Aktiengesellschaft
New York Branch

1.2

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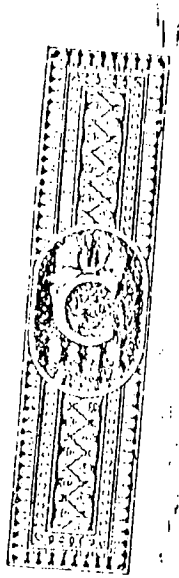

COMMERZBANK
NEW YORK BRANCH
55 BROAD STREET, NEW YORK, N. Y. 10004

CHECK-NO. 101469

1-804
260

NEW YORK April 26 19 79 $1,718,501.46

ONE MILLION SEVEN HUNDRED AND EIGHTEEN THOUSAND FIVE HUNDRED AND ONE 46/100 DOLLARS

PAY TO THE ORDER OF

First National Bank of Oregon,
as Trustee pursuant to
The Port of Portland's Ordinance
Nos. 245 and 246

COMMERZBANK
NEW YORK BRANCH

⑆0260⑈0804⑆

SCOEPA00002007

6.1

FIRST NATIONAL BANK OF OREGON

ADMINISTRATION HEADQUARTERS: 1300 S.W. FIFTH AVENUE, P.O. BOX 3131, PORTLAND, OREGON 97208

April 26, 1979

Walter, Conston, Schurman & Gumpel, P.C.
Attn: Ms. Heidi B. Duerbeck
280 Park Avenue
New York, NY 10017

Dear Heidi:

This is to confirm that First National Bank of Oregon will make available on April 27, 1979, in New York Clering House funds, the sum of $1,002,041.66, consisting of $1,000,000.00 principal and $2,041.66 accrued interest, for First National Bank's participation in the Port of Portland's Pollution Control Revenue Bonds and Industrial Development Revenue Bonds (Wacker Siltronic Corporation Project).

Yours very truly,

Thomas P. Mitchell

Thomas P. Mitchell
Assistant Vice President
Bond Investment Department
First National Bank of Oregon

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