

INVESTMENT AGREEMENT

This INVESTMENT AGREEMENT dated as of November 26, 2002 (this "Agreement"), by and between CDC FUNDING CORP., a New York corporation ("CDCFC"), and STATE STREET BANK AND TRUST COMPANY, as Bond Trustee (the "Trustee") pursuant to a Water Pollution Abatement and Drinking Water Project Bond Resolution, Pool Program, Series 8, adopted by the Massachusetts Water Pollution Abatement Trust (the "Issuer") on October 30, 2002 (the "Bond Resolution") and the Amended and Restated Resolution Authorizing and Establishing a Water Pollution Abatement and Drinking Water Project Financing Program, as adopted by the Issuer on March 4, 1993, as amended (the "Program Resolution" and, collectively with the Bond Resolution, the "Authorizing Document"), providing for the issuance of \$266,885,000 Massachusetts Water Pollution Abatement Trust, Pool Program Bonds, Series 8 (the "Bonds").

WITNESSETH:

WHEREAS, the Authorizing Document identified above establishes various trust funds and accounts for the receipt and disbursement of moneys, all as more fully set forth in the Authorizing Document; and

WHEREAS, the Trustee is authorized by the Authorizing Document to invest certain moneys held in or credited to the relevant Fund (as defined below) under the Authorizing Document in certain permitted investments which include investment agreements, including this Agreement, with CDCFC pursuant to the terms and provisions hereof; and

WHEREAS, CDCFC is willing, on the terms and conditions set forth in this Agreement, to accept such moneys as an investment by the Trustee into its Muni Program as defined in the CDC IXIS Guarantee.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, CDCFC and the Trustee hereby agree as follows:

SECTION 1. DEFINITIONS

As used herein, the following terms have the following meanings. Capitalized terms used herein and not defined shall have the meanings ascribed to them in the Authorizing Document.

"*Affiliate*" shall mean, with respect to a person or entity, any other person or entity that controls, is controlled by or under common control with such person or entity.

"*CDC IXIS Guarantee*" means the Guarantee dated as of July 1, 2001 by the Guarantor, which, among other things, guarantees the payment obligations of CDCFC hereunder.

"*Earnings*" means, with respect to any Investment, interest earned and accrued on the outstanding balance of such Investment in accordance with the provisions of Section 2.2 hereof.

"*Event of Default*" has the meaning given that term in Section 5.1 hereof.

"*Fitch*" means Fitch Ratings or any successor thereto.

"*Guarantee*" means the CDC IXIS Guarantee; provided, however, that if any Replacement Guarantee is delivered pursuant to Section 3.1 hereof, "Guarantee" shall mean the Replacement Guarantee.

"*Guarantor*" means CDC Finance-CDC IXIS, a bank (*société anonyme*) governed by French law; provided, however, that if any Replacement Guarantee is delivered pursuant to Section 3.1 hereof, "Guarantor" shall mean the Replacement Guarantor.

*"Loans"* means, collectively, Loans and Local Government Obligations as defined in the Bond Resolution.

*"Minimum Rating"* for a financial institution means the minimum credit rating required by the Authorizing Document for such type of financial institution to serve as the provider of an uncollateralized investment agreement but in no event less than AA by S&P, Aa2 by Moody's and AA by Fitch.

*"Moody's"* means Moody's Investors Service, Inc., or any successor thereto.

*"Permitted Withdrawal Purpose"* means the purposes for which moneys in the Fund may be withdrawn as permitted by the Authorizing Document and described in Exhibit A, Part I; provided, however, that under no circumstances may withdrawals be made for the direct or indirect purpose of reinvestment.

*"Rated Party"* means the Guarantor any time the Guarantee is in effect, the Replacement Guarantor at any time the Replacement Guarantor is in effect, or CDCFC at any time its long-term senior unsecured debt obligations are rated at least AA by S&P, Aa2 by Moody's and AA by Fitch and CDCFC has provided evidence of such ratings to the Trustee and the Issuer that is reasonably satisfactory to the Issuer and requested the release of the Guarantor from its obligations under the Guarantee.

*"Ratings Event"* has the meaning given that term in Section 4.2 hereof.

*"Replacement Guarantee"* means a financial guaranty insurance policy, surety bond, letter of credit or guarantee which replaces the Guarantee then in effect, issued by an Affiliate of the Guarantor or by an entity approved by the Issuer, in favor of the Trustee, guaranteeing the payment of amounts payable by CDCFC hereunder, the terms of which are no less favorable to the Trustee than the terms of the CDC IXIS Guarantee.

*"Replacement Guarantor"* means the issuer of a Replacement Guarantee.

*"S&P"* means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, or any successor thereto.

*"Trustee"* has the meaning given such term in the introductory paragraph of this Agreement.

The following terms shall have the meanings given such terms in Exhibit A:

"Business Day"

"Collateral"

"Collateral Agent"

"Collateral Requirement Level"

"Collateral Value"

"Fund"

"Interest Payment Date"

"Investment"

"Investment Amount"

"Investment Date"

"Rate of Earnings"

"Termination Date"

"Withdrawal Limitations"

## SECTION 2. INVESTMENT OF FUNDS

2.1 The Investment. On the terms and subject to the conditions herein set forth, the Trustee shall invest with CDCFC and CDCFC shall accept as an investment from the Trustee amounts as set forth in Exhibit A, Part I (the "Investment Amount", "Amounts" and/or "Additional Investments", as applicable), which amounts constitute funds on deposit with the Trustee in each Fund pursuant to the Authorizing Document (the amounts deposited for such Fund are referenced in Exhibit A, Part I as a corresponding "Investment" for such Fund). All Investments (or the applicable portions thereof) shall be payable by the Trustee to CDCFC by wire transfer in immediately available funds in accordance with the payment instructions specified in Exhibit A, Part III.B, on the applicable Investment Date in accordance with Exhibit A, Part I and Section 2.4 hereof. CDCFC may, but shall not be obligated to, accept an Investment (or a portion thereof) on a date other than the Investment Date designated for such Investment.

2.2 Interest. Interest on the outstanding principal balance of each Investment shall accrue daily as of the close of business each day from and including the date of receipt thereof by CDCFC to but excluding the earlier of the Termination Date and the date remitted to the Trustee as provided herein, at the Rate of Earnings with respect thereto, provided that no interest will accrue on or after the Termination Date. Earnings on each Investment shall be payable in arrears or credited to the designated account by CDCFC to the Trustee on each Interest Payment Date as set forth in Exhibit A, Part I.

2.3 Withdrawal. Subject to the conditions set forth in Exhibit A, Part I, the Trustee may make withdrawals from each Investment for applicable Permitted Withdrawal Purposes on any Business Day, in each case in such amount and on such date as the Trustee shall specify in a written notice in the form of Exhibit B hereto; provided, however, that the Trustee shall not require payment by CDCFC in any amount greater than the amount to be so applied by the Trustee for such applicable Permitted Withdrawal Purposes.

If not earlier repaid in full pursuant to this Section or the other provisions hereof, the outstanding principal balance of each Investment, together with all unpaid Earnings thereon, shall be repaid in full on the Termination Date for such Investment.

2.4 Wire Transfers. Amounts to be invested hereunder with CDCFC shall be transferred by the Trustee to CDCFC by wire transfer of immediately available funds to CDCFC's account in accordance with the instructions set forth in Exhibit A, Part III or to such other account pursuant to such other instructions as CDCFC shall so designate, such designation to be made in writing not less than two Business Days prior to the date of transfer. Amounts to be paid hereunder by CDCFC to the Trustee shall be paid by wire transfer of immediately available funds to the account designated by the Trustee in Exhibit A, Part III or to such other account as the Trustee shall so designate, such designation to be made in writing not less than two Business Days prior to the date of transfer.

2.5 Required Notices. (a) In addition to all other notices required hereby, the Trustee shall (i) give CDCFC notice of any proposed amendments to the Authorizing Document relevant to this Agreement (including copies of any such proposed amendments) prior to the effectiveness thereof and (ii) give CDCFC written notice of any proposed optional redemption, refinancing or other restructuring of the Bonds (in whole or in part) which would affect the amounts invested under this Agreement with such notice to be delivered to CDCFC as soon as practicable but not less than 20 days nor more than 60 days before the date fixed for such redemption, refinancing or restructuring.

(b) CDCFC shall send or cause to be sent monthly reports by the 15<sup>th</sup> day of each month (with respect to the immediately preceding month) to the Trustee and the Issuer setting forth the outstanding amount of each Investment, deposits and withdrawals with respect thereto, and interest accrued and paid thereon. If this Agreement is then subject to the collateral requirements of Exhibit A, Part II hereof, such reports shall also set forth the type of Collateral, the Collateral Requirement Level for that type of Collateral, and the Collateral Value on the Collateral Valuation Date, and the name of the Collateral Agent (if any) holding the collateral. Any such reports may be sent by mail or facsimile to the attention of any person of the recipient identified on Exhibit A, Part III.

(c) CDCFC shall notify the Trustee and the Issuer within five (5) Business Days of (i) any Event of Default hereunder, (ii) any suspension, withdrawal, downgrading or other change of the long-term senior unsecured debt rating of the Guarantor, or (iii) any Ratings Event (as defined in 4.2 hereof).

### SECTION 3. GUARANTEE

3.1 The Trustee, in entering into this Agreement, and the Issuer, in acknowledging this Agreement, are and will be relying on the CDC IXIS Guarantee; provided, however, that, without limiting the terms of the CDC IXIS Guarantee, the Trustee and the Issuer each acknowledges and agrees for purposes of this Agreement and the CDC IXIS Guarantee that the Guarantor will be released from its obligations in respect of this Agreement if the Guarantor delivers a Replacement Guarantee provided that the claims-paying ability or the long-term, senior unsecured debt obligations of the Replacement Guarantor are rated not less than the Minimum Rating at the time of replacement.

### SECTION 4. TERMINATION; DOWNGRADE; COLLATERALIZATION

4.1 Termination. This Agreement shall terminate with respect to any Investment on the Termination Date for such Investment as specified in Exhibit A, Part I, unless earlier terminated in accordance with its terms and any Investment then held by CDCFC shall be returned to the Trustee.

4.2 Ratings Event. If the long-term, senior unsecured debt rating or claims paying ability rating of the Rated Party is suspended, withdrawn or rated below AA by S&P, below Aa2 by Moody's or below AA by Fitch (in any such case, a "Ratings Event"), CDCFC shall take the following action within the ten (10) day period (or such other period agreed to by CDCFC and the Issuer) following the occurrence of the Ratings Event:

(i) deliver and grant, or cause to be delivered and granted, to the Collateral Agent, a first priority security interest under the applicable Uniform Commercial Code or other applicable law in and to Collateral, which Collateral shall on the date of CDCFC's receipt of notice hereunder, have a Collateral Value equal to the Collateral Requirement Level.

During such 10-day period (or such other period agreed to by CDCFC and the Issuer), CDCFC will have the right (but not the obligation) to take either of the following actions in lieu of complying with the collateral requirement in clause (i) above:

- (x) transfer this Agreement and the rights and obligations of CDCFC hereunder to an entity reasonably satisfactory to the Issuer whose long-term, senior unsecured debt obligations, or whose guarantor's long term, senior unsecured debt obligations or claims paying ability, are rated at not less than the Minimum Rating by S&P, Moody's and Fitch, respectively; or
- (y) deliver a Replacement Guarantee acceptable to the Issuer of a Replacement Guarantor having long term, senior unsecured debt obligations or claims paying ability rated at not less than the Minimum Rating by S&P, Moody's and Fitch, respectively.

If CDCFC does not take any of the actions set forth in clauses (i), (x) or (y) above within 10 days after the occurrence of such Ratings Event, and provided such Ratings Event is then continuing, the Trustee shall, at the direction of the Issuer, have the right (but not the obligation), by written notice to CDCFC, give notice of termination of this Agreement and to require CDCFC to repay the entire principal balance of each Investment then on deposit, together with all unpaid Earnings thereon, and together with "Replacement Costs" (as defined below), if any. Upon the delivery of any such written notice pursuant to the foregoing sentence, CDCFC and the Issuer shall seek to arrange for a substitute investment or investments permitted by the Authorizing Document which will provide an investment yield on each Fund at least equal to the Rate of Earnings for such Fund. In the event that available substitute investments permitted by the Authorizing Document would not provide an investment yield on each Fund at least equal to the Rate of Earnings for such Fund, the Issuer shall arrange for a substitute investment or investments permitted by the Authorizing Document that result in the highest yield on each Fund. In the event any such substitute investment(s) do not provide amounts sufficient to meet such investment yields, or if no such substitute investment is available, an additional amount ("Replacement Costs") shall

be paid by CDCFC to the Trustee that is sufficient to provide, together with the amounts payable under any such substitute investment(s), if any, the investment yield on each Fund equal to the Rate of Earnings therefor and to reimburse the Issuer for any increased costs incurred by it in obtaining such substitute investment (including associated transactional costs incurred in connection with obtaining such substitute investment). Upon any such repayment in full by CDCFC, this Agreement shall terminate automatically.

4.3 Collateralization. Except as provided pursuant to Section 4.2 above and Exhibit A, Part II, this Agreement shall not otherwise be subject to any collateral requirements on the part of CDCFC or the Guarantor. In the event this Agreement is subject to collateralization pursuant to Section 4.2 above, CDCFC covenants to the Trustee and the Issuer that, during the 10-day period following the occurrence of the Ratings Event giving rise to such collateralization, and so long as CDCFC does not take either of the actions set forth in clauses (x) or (y) of Section 4.2 during such 10-day period, CDCFC shall either (i) cause the Triparty Custody Agreement dated as of July 26, 2001 by and among CDCFC, the Trustee and Deutsche Bank Trust Company Americas (f/k/a Bankers Trust Company) to be amended such that the collateral requirements under this Agreement are made subject to and governed by such Triparty Custody Agreement, which amendments to be subject to the consent of the Issuer, the Trustee and CDCFC, or (ii) enter into a collateral agreement substantially in the form of Exhibit C hereto with the Trustee and such Collateral Agent as shall be mutually agreed to by the Trustee, the Issuer and CDCFC such that the collateral requirements under this Agreement are made subject to and governed by such collateral agreement, with any modifications to the collateral agreement in the form of Exhibit C hereto to be subject to the consent of the Trustee, the Issuer and CDCFC.

## SECTION 5. DEFAULT

5.1 Events of Default. The following events shall constitute Events of Default under this Agreement (each an "Event of Default"):

(a) CDCFC and the Guarantor on behalf of CDCFC fail to make any payment of an Investment or Earnings thereon when due pursuant to the provisions of this Agreement and such failure continues for one Business Day or more after the Trustee gives CDCFC and the Guarantor written notice thereof.

(b) CDCFC or the Guarantor commences a case in bankruptcy relating to it, is adjudicated an insolvent or bankrupt, petitions or applies for the appointment of any receiver or trustee for itself or any substantial part of its property or initiates any proceeding relating to it seeking a court order for reorganization, arrangement, conservation, liquidation, or dissolution under applicable bankruptcy or similar applicable laws; or, any such proceeding is initiated against CDCFC or the Guarantor and CDCFC or the Guarantor, as the case may be, indicates in writing its consent thereto or such proceeding is not dismissed within 90 days; or such an order is entered against CDCFC or Guarantor.

(c) CDCFC fails to perform or observe any of its obligations under this Agreement (other than those described in Section 5.1(a) hereof) and such failure continues for ten Business Days or more after written notice thereof is given by the Trustee to CDCFC.

(d) Any representation or warranty of CDCFC under this Agreement or of the Guarantor under the CDC Guarantee is determined to have been false or misleading when made.

(e) Except as permitted by the terms of Section 3 hereof or by the terms of the Guarantee, the Guarantee expires, terminates or is repudiated by the Guarantor in respect of this Agreement, or any other event occurs and is continuing which causes the Guarantee to cease to be in full force and effect in respect of this Agreement, or any action is taken by the Guarantor which challenges the validity or enforceability of the Guarantee in respect of this Agreement.

5.2 Rights and Obligations of Parties upon an Event of Default. Upon the occurrence and continuation of an Event of Default under Section 5.1(b) hereof, the entire principal balance of each Investment and all accrued and unpaid Earnings thereon shall be due and immediately payable. Upon the occurrence and continuation of any other Event of Default, the Trustee shall have the right to declare, with the consent of or at the direction of the Issuer, the entire

principal balance of each Investment and all accrued and unpaid Earnings thereon to be due and immediately payable and to withdraw such entire balance and unpaid Earnings. If, as a result of the occurrence and continuation of an Event of Default, the entire principal balance of each Investment and all unpaid Earnings are so withdrawn by the Trustee, this Agreement shall be terminated on the date of such withdrawal as if such date were the Termination Date for each Investment hereunder. In such event, CDCFC shall be responsible for the payment of Replacement Costs, if any.

## SECTION 6. REPRESENTATIONS AND WARRANTIES; COVENANTS

6.1 Trustee and Issuer Representations and Warranties. The Trustee (in reliance on the Issuer's determination that this Agreement is a permitted "Investment Obligation" under the Authorizing Document), in entering into this Agreement, and the Issuer, in acknowledging this Agreement, each represents and warrants to CDCFC and the Guarantor that: (i) it understands that neither CDCFC nor the Guarantor nor any person representing CDCFC or the Guarantor has made any representation to it with respect to CDCFC, the Guarantor or this Agreement or the Guarantee other than as expressly set forth herein; (ii) the legend set forth in Section 8.11 hereof has been called to its attention; (iii) it is duly authorized to enter into this Agreement and the transactions contemplated hereby; (iv) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation enforceable against such party in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject further as to enforceability, to general principles of equity; (v) the execution, delivery and performance of this Agreement by it does not and will not result in a breach or violation of, or cause a default under, its charter or enabling legislation or by-laws or any provision of any law, regulation, order, license, decree, judgment or agreement applicable to or binding upon it or its assets; (vi) it is not entering into this Agreement or making any deposit hereunder nor relying on the Guarantee with a view to any distribution of this Agreement, the Guarantee or any interest herein or therein in violation of the Securities Act or any other applicable securities law; and (vii) the moneys invested under this Agreement consist of amounts on deposit in each Fund identified in Exhibit A. The Issuer represents and warrants to CDCFC and the Guarantor that this Agreement qualifies as a permitted "Investment Obligation" under the Authorizing Document. The Issuer further represents and warrants to CDCFC and the Guarantor that it has had access to such financial and other information concerning CDCFC and the Guarantor as it has deemed necessary in connection with its decision to make each Investment hereunder. The Trustee (in reliance on the Issuer's determination that this Agreement is a permitted "Investment Obligation" under the Authorizing Document) further represents and warrants to CDCFC and the Guarantor that it is authorized by the terms of the Authorizing Document to enter into this Agreement and make the Investment contemplated by this Agreement.

6.2 CDCFC Representations and Warranties. CDCFC represents and warrants to the Trustee and the Issuer that: (i) it is duly authorized to enter into this Agreement and the transactions contemplated hereby; (ii) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of CDCFC enforceable against CDCFC in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject further as to enforceability, to general principles of equity; (iii) the execution, delivery and performance of this Agreement by CDCFC does not and will not result in a breach or violation of, or cause a default under, its charter or by-laws or any provision of any law, regulation, order, license, decree, judgment or agreement applicable to or binding upon CDCFC or its assets; and (iv) the CDC IXIS Guarantee is in full force and effect and has not been modified since its original delivery on July 1, 2001.

6.3 Issuer Covenants. The Issuer, in acknowledging this Agreement, covenants and agrees that no proposed amendment to or waiver of any provision of the Authorizing Document shall be adopted which amendment, or waiver (i) causes this Agreement to fail to qualify as a permitted investment under the Authorizing Document, (ii) has the effect of reducing CDCFC's expected benefits or increasing CDCFC's exposure or obligations pursuant to this Agreement without prior consent of CDCFC. Notwithstanding the foregoing, nothing in this Section 6.3 shall prohibit or limit withdrawals that are made in accordance with the provisions of this Agreement, nor shall this Section 6.3 prohibit or limit the Issuer's ability to redeem or refund the Bonds in accordance with the Authorizing Document.

## SECTION 7. LIMITATION ON CDCFC'S OBLIGATIONS

7.1 In performing its obligations hereunder, neither CDCFC nor any of its directors, officers, employees, agents, shareholders, representatives or affiliates make any representation or warranty with respect to, nor shall any of them be liable or responsible for, (i) the payment of any amounts owing on or with respect to the Bonds; (ii) the use or application by the Trustee of any moneys payable to the Trustee hereunder; (iii) any acts or omissions of the Trustee, the Issuer, or the parties to the Authorizing Document or any other agreement or instrument with respect to the Bonds (other than this Agreement as to CDCFC); (iv) the validity or enforceability of the Bonds or the Authorizing Document or any other agreement or instrument with respect to the Bonds (other than this Agreement as to CDCFC); (v) the Trustee's or the Issuer's (if applicable) performance of its obligations under this Agreement, the Bonds or the Authorizing Document, or any other agreement or instrument with respect to the Bonds; (vi) the effect of the negotiation, delivery and performance by CDCFC of this Agreement on the tax-exempt status of the Bonds; and (vii) any charges, impositions or penalties incurred by any party arising from performance in accordance with the terms of this Agreement. Without limiting the foregoing, regardless of whether CDCFC has reviewed the Authorizing Document or is generally familiar with the terms of indentures or bond resolutions of a similar type, CDCFC shall have no duty to ascertain whether the Trustee or the Issuer is in compliance therewith. The Trustee and the Issuer each recognizes that CDCFC and the Guarantor (or their affiliates) may have other business relationships with the Issuer, the Trustee, and with other entities or persons party to other agreements or instruments with respect to the Bonds. For purposes of this Agreement, it shall not be necessary for CDCFC to segregate or otherwise separately identify any portion of the invested funds. The Issuer acknowledges that, on behalf of the Issuer, CDCFC is paying a fee to Tradition (North America) Inc. with respect to this Agreement.

## SECTION 8. MISCELLANEOUS

8.1 Information Regarding CDCFC and the Guarantor. The Issuer hereby agrees that, from and after the date of this Agreement, it will not, nor will it permit any other person to, include in any official statement, offering circular, information memorandum or other disclosure document prepared with respect to the Bonds, any information relating to CDCFC or the Guarantor, including the name of CDCFC or the Guarantor; provided, that in connection with disclosure regarding the Investment, (i) the names of the Guarantor and CDCFC may be disclosed, but only if the Guarantor is identified as "CDC Finance-CDC IXXIS, a bank (*société anonyme*) governed by French law", and CDCFC is identified as a subsidiary of the Guarantor, and (ii) the Rate of Earnings and Termination Date hereunder, and information set forth in the monthly reports delivered pursuant to Section 2.5(b) hereof, may be disclosed.

8.2 No Set-Off. It is recognized by the parties hereto that the obligation of CDCFC to accept Investments hereunder and to repay such Investments, together with Earnings thereon, as provided herein, constitutes an obligation of CDCFC which is unconditional with no right of recoupment, counterclaim, subrogation or set-off by CDCFC with respect to amounts owing to CDCFC by the Trustee, by the Issuer by any holder of Bonds, or by any other person; provided, that Investments hereunder and each withdrawal request has been made by the Trustee in accordance with the terms of this Agreement.

8.3 No Waiver; Amendment. No failure or delay on the part of CDCFC, the Issuer or the Trustee in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other right or remedy. The rights and remedies of CDCFC, the Issuer and the Trustee hereunder are each cumulative and are not exclusive of any rights or remedies provided by law or equity or in any other contract between the Trustee, the Issuer and CDCFC or the Guarantor. None of the terms or provisions of this Agreement may be waived, modified or amended except in writing duly executed by CDCFC, the Issuer and the Trustee.

8.4 Survival. All warranties and representations made by the Trustee, the Issuer, or CDCFC in this Agreement or in any of the instruments or documents delivered pursuant to this Agreement regardless of any investigation made shall be considered to have been relied upon by the other parties hereto and shall survive the delivery of any instruments or documents.

8.5 Successors and Assigns. This Agreement and all obligations and rights arising hereunder shall inure to the benefit of and be binding upon the parties hereto and their respective successors, assigns and beneficiaries.

Notwithstanding the foregoing, neither this Agreement, the obligations and rights arising under this Agreement, nor any part hereof, may be sold, pledged or assigned or otherwise transferred by CDCFC, the Trustee, or the Issuer without the prior written consent of the other parties hereto and any such attempted sale, pledge, assignment or transfer shall be void ab initio; provided, however, that CDCFC may transfer this Agreement or any of its rights, interests or obligations hereunder (i) to any Affiliate of CDCFC if from and after such transfer, the obligations of the transferee hereunder shall be guaranteed by the Guarantor under the same terms or terms at least as favorable to the Trustee and the Issuer as the terms of the Guarantee or (ii) as provided in Section 4.2 hereof; provided, further, that any successor to the Trustee as trustee under the Authorizing Document shall be considered a successor in interest to the Trustee with respect to this Agreement without the necessity of obtaining the prior written consent of CDCFC; and provided, further, that this Section shall not affect any pledge or grant of the relevant Fund to the Trustee on behalf of Bondholders under the Authorizing Document.

8.6 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed in New York.

8.7 Severability of Provisions. If any one or more of the provisions contained in this Agreement is declared invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

8.8 Counterparts. This Agreement may be executed in several counterparts and, as so executed, shall constitute one agreement binding upon the parties hereto.

8.9 Integration of Terms. This Agreement, including Exhibit A, contains the entire agreement among the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. In the event of any discrepancy between terms in Exhibit A and terms appearing elsewhere in this Agreement, the terms of Exhibit A shall be deemed controlling.

8.10 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given upon delivery if delivered by hand (against receipt), or as of the date of delivery as shown on the receipt if mailed at a post office in the United States by registered or certified mail, postage prepaid, return receipt requested, or as of the date of acknowledgment if transmitted by facsimile transmission or other telecommunication equipment, in any case addressed to the attention of any of the persons listed on Exhibit A, Part III hereto, or at such other address or to the attention of such other persons as such party shall have designated to the other parties hereto in a written notice. Any notices given by facsimile transmission or other telecommunication equipment shall be orally confirmed by the sender immediately after such notice is transmitted.

8.11 Legend. NEITHER THIS AGREEMENT NOR THE GUARANTEE HAVE BEEN OR WILL BE REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR TERRITORY, AND, EXCEPT IN CONNECTION WITH AN ASSIGNMENT HEREOF TO THE GUARANTOR UPON A PAYMENT BY THE GUARANTOR UNDER THE GUARANTEE, THIS AGREEMENT AND THE GUARANTEE MAY BE SOLD, TRANSFERRED OR ASSIGNED ONLY AS PERMITTED HEREUNDER AND ONLY IF REGISTERED PURSUANT TO THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAWS, OR IF AN EXCEPTION FROM REGISTRATION IS AVAILABLE. BY ITS EXECUTION OR ACKNOWLEDGEMENT OF THIS AGREEMENT, THE TRUSTEE AND THE ISSUER EACH AGREES THAT THIS AGREEMENT AND THE GUARANTEE ARE BEING ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR FOR SALE IN CONNECTION WITH, THE PUBLIC DISTRIBUTION THEREOF. CDCFC HEREBY CALLS THE ATTENTION OF THE ISSUER AND THE TRUSTEE TO THE LEGEND SET FORTH IN THIS SECTION.

8.12 Ratings. All references to ratings of Moody's, S&P and Fitch herein shall refer to the actual referenced ratings or, if the applicable ratings structure has been revised, to the then current equivalent thereof at the time the applicable determination is made.

8.13 No Third Party Beneficiaries. Nothing expressed or implied herein is intended or shall be construed to confer upon any person (other than the parties hereto and their successors and permitted assigns), any right, remedy or

claim by reason of this Agreement or any term hereof, and all terms contained herein shall be for the sole and exclusive benefit of the parties thereto and their successors and permitted assigns.

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

CDC FUNDING CORP.

By: Michael G. Harris

Title: M. Director

By: William Branagh

Title:

**William Branagh**

**Director**  
STATE STREET TRUST COMPANY, as Bond Trustee

By: \_\_\_\_\_

Title:

Acknowledged and agreed to:

MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST

By: \_\_\_\_\_

Title:

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

**CDC FUNDING CORP.**

By: \_\_\_\_\_  
Title:

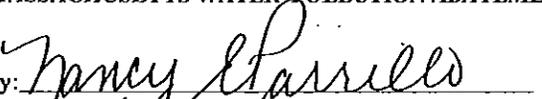
By: \_\_\_\_\_  
Title:

**STATE STREET BANK AND TRUST COMPANY, as Bond Trustee**

By:   
Title: VICE PRESIDENT

Acknowledged and agreed to:

**MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST**

By:   
Title: Treasurer

**EXHIBIT A**

**Part I—Certain Defined Terms**

1. *Business Day:* The term "Business Day", as used in the Investment Agreement, shall mean any day which is not a Saturday or a Sunday or a day on which banks located in New York, New York, or the Commonwealth of Massachusetts, are authorized or required by law or executive order to close.

2. *Fund:* A portion of the Clean Water Debt Service Reserve Account and the Drinking Water Debt Service Reserve Account within the Debt Service Reserve Fund, as established under the Bond Resolution to the extent allocable to the Bonds, together with the portion of the Pool Program Reserve Fund or the Deficiency Fund, as established under the Authorizing Document, representing amounts retained therein as a result of a "Payment Default" under the Authorizing Document with respect to the Loans (for purposes of this Agreement, "DSR Fund A")

a. *Interest*

*Payment Date:*

Accrued Earnings will be payable (i) on the Business Day immediately preceding each February 1 and August 1, commencing on the Business Day immediately preceding February 1, 2003, and (ii) (to the extent of any amounts remaining in the Fund), on the Termination Date. Accrued Earnings shall be paid to the Trustee in cash.

b. *Investment:*

With respect to the Fund, the Initial Investment and any Additional Investments made in accordance with this Agreement received by CDCFC, plus Earnings not yet paid in accordance with the Investment Agreement, less any withdrawals made in accordance with the Investment Agreement.

c. *Investment Amount:*

*Initial Investment:* \$19,087,700.00.

*Additional Investments:*

Additional Investments shall be made (i) to the extent any withdrawals with respect to this DSR Fund A have been made to pay debt service on the Bonds in accordance with the Authorizing Document, with such Additional Investments to be made as soon as amounts are available to the Trustee but in no event later than 24 months after such withdrawal (with CDCFC to have the right, but not the obligation, to accept for investment hereunder any amount tendered by the Trustee after such 24 month period as a replenishing investment), and (ii) in the amount of any amounts retained in the Pool Program Reserve Fund or the Deficiency Fund under the Authorizing Document as a result of any Payment Default under the Authorizing Document with respect to the Loans; provided, that replenishing investments with respect to this DSR Fund A shall be made only after DSR Fund B is replenished in full; and, provided, further, that after giving effect to any such Additional Investment, the remaining amount invested under this Agreement with respect to DSR Fund A shall not exceed the amount permitted to remain invested hereunder as of such date as set forth on Schedule I hereto plus any amounts retained in the Pool Program Reserve Fund or the Deficiency Fund under the Authorizing Document as a result of any Payment Default under the Authorizing Document with respect to the Loans but only for so long as such amount is retained in the Pool Program Reserve Fund or the Deficiency

Fund. With respect to any Additional Investment hereunder, (a) CDCFC must receive the Trustee's written notice in the form of Exhibit B at least two (2) Business Days prior to the date specified for such Additional Investment, (b) the Trustee shall not make more than two (2) Additional Investments hereunder during any calendar month, (c) the minimum amount of such Additional Investment shall be \$5,000, and (d) such Additional Investment may be made hereunder only to the extent that it shall correspond to the Bonds. Notwithstanding the foregoing, (i) on or before November 26, 2004, a total amount not to exceed \$1,000,000 may, at the direction of the Issuer, be reallocated within the scheduled releases for DSR Fund A and DSR Fund B set forth on Schedules I and II hereto, respectively, and (ii) at no time shall the aggregate amount invested with CDCFC hereunder exceed \$19,087,700.00, subject to increase only as a result of any reallocation of up to \$1,000,000 made at the direction of the Issuer on or before November 26, 2004 in accordance with the immediately preceding clause (i).

d. *Investment Date:* November 26, 2002, with respect to the Initial Investment, and the date on which CDCFC actually receives an Additional Investment, for any such Additional Investment.

e. *Permitted Withdrawal Purpose:* Subject to "Withdrawal Limitations", amounts invested hereunder with respect to this DSR Fund A may be withdrawn only to effect a "Mandatory Withdrawal" in accordance with "Withdrawal Limitations" below or for the purposes of (i) paying principal or interest on, or to otherwise avoid or cure a default on, the Bonds, (ii) preserving the tax-exempt status of the Bonds, provided that the amount withdrawn shall be the minimum amount necessary to preserve such tax-exempt status, and (iii) refunding or redeeming the Bonds, in each case in accordance with the terms of the Authorizing Document. Other than with respect to any Mandatory Withdrawal, the Permitted Withdrawal Purpose shall be specified on the draw request delivered to CDCFC, in the form of Exhibit B.

f. *Withdrawal Limitations:* Withdrawals from this DSR Fund A shall be made on the dates and in the amounts set forth on Schedule I hereto (each such withdrawal being a "Mandatory Withdrawal"); provided, that if as of any such date withdrawals (other than Mandatory Withdrawals) from this DSR Fund A have been made prior to such date and subsequent Additional Investments have not been made to the extent of such withdrawals, the amount of the Mandatory Withdrawal on such date shall be the amount such that, after giving effect to such Mandatory Withdrawal, the remaining amount invested hereunder with respect to this DSR Fund A shall be as set forth on Schedule I hereto for such date plus any amounts retained in the Pool Program Reserve Fund and/or the Deficiency Fund under the Authorizing Document as a result of any Payment Default under the Authorizing Document with respect to the Loans but only for so long as such amount is retained in the Pool Program Reserve Fund and/or the Deficiency Fund. Except for Mandatory Withdrawals, no withdrawals shall be made from this DSR Fund A until all amounts invested hereunder with respect to DSR Fund B have been withdrawn in full and not replenished; provided, that in the event of a Payment Default under the Authorizing Document with respect to a Loan, no withdrawals shall be made from this DSR Fund A or from DSR Fund B to avoid or cure a default on the Bonds until all amounts invested hereunder with respect such Loan in to the Interest Subsidy Fund have been withdrawn in full and not replenished.

With respect to any withdrawal hereunder other than a Mandatory Withdrawal, (a) CDCFC must receive the Trustee's written notice in the form of Exhibit B at least two Business Days prior to the date specified for such withdrawal; provided, that such notice need only be received one Business Day prior to the date specified for such withdrawal if such withdrawal is required to avoid or cure a default on the Bonds; and (b) the Trustee

shall not request payment to be made by CDCFC earlier than one Business Day prior to the date on which such amount is to be applied pursuant to the terms and conditions of the Authorizing Document, and the amount so withdrawn shall be applied for such Permitted Withdrawal Purpose. CDCFC shall pay to the Trustee the amount of any Mandatory Withdrawal on the relevant date set forth in Schedule I hereto without CDCFC having to receive any written notice with respect to such withdrawal. No withdrawals shall be made for the direct or indirect purpose of reinvestment.

*g. Rate of Earnings:* 4.3203% per annum, calculated on a 30/360 day basis.

*h. Termination Date:* The Business Day immediately preceding August 1, 2032 or, if earlier, the date on which all amounts invested hereunder have been withdrawn and for 24 months thereafter no further deposits into the Debt Service Reserve Fund under the Authorizing Document are made and following such 24 month period no such deposits are reasonably expected to be made, as determined by the Issuer.

*3. Fund:* "Float Fund" (consisting of the Revenue Fund, the Debt Service Fund and the Redemption Fund with respect to the Bonds, as established under the Bond Resolution)

*a. Interest*

*Payment Date:*

Accrued Earnings will be payable (i) on the Business Day immediately preceding each February 1 and August 1, commencing on the Business Day immediately preceding February 1, 2003, and (ii) (to the extent of any amounts remaining in the Fund), on the Termination Date. Accrued Earnings shall be paid to the Trustee in cash.

*b. Investment:*

With respect to the Fund, the Initial Investment and any Additional Investments made in accordance with this Agreement received by CDCFC, plus Earnings not yet paid in accordance with the Investment Agreement, less any withdrawals made in accordance with the Investment Agreement.

*c. Investment Amount:*

*Initial Investment:* \$378,367.23.

*Additional*

*Investments:*

Additional Investments shall be made in this Fund in the amount of Net Payments and Contract Assistance Payments to the extent such amounts are attributable to the Loans, and such Additional Investments are expected to be made approximately five (5) days prior to (and such Additional Investments shall be made not less than two (2) days nor more than ten (10) days prior to) the debt service payment dates on the Bonds. The amount invested hereunder with respect to this Fund on account of any Additional Investments attributable to Loan prepayments or excess Bond proceeds shall not exceed at any time \$2,500,000 and shall be withdrawn herefrom within thirteen (13) months after the deposit hereunder of such amounts (with CDCFC to have the right, but not the obligation, to return any such amount to the Trustee if such amount is not withdrawn herefrom within such period). Additional Investments shall also be made in this Fund in the amount of Earnings paid to the Trustee with respect to this Agreement; provided that such amounts must be withdrawn herefrom within six (6) months after the deposit hereunder of such Earnings (with CDCFC to have the right, but not the obligation, to return any such amount to the Trustee if such amount is not withdrawn herefrom within such period). With respect to any Additional Investment hereunder, (a) CDCFC must receive the Trustee's written notice in the form of Exhibit B at least two (2) Business Days prior to the date specified for such Additional Investment, (b) the Trustee shall not make more than two (2) Additional Investments hereunder during any calendar month, (c) the

minimum amount of such Additional Investment shall be \$5,000, and (d) such Additional Investment may be made hereunder only to the extent that it shall correspond to the Bonds.

d. *Investment Date:* November 26, 2002, with respect to the Initial Investment, and the date on which CDCFC actually receives an Additional Investment, for any such Additional Investment.

e. *Permitted*

*Withdrawal Purpose:* Subject to "Withdrawal Limitations", amounts invested hereunder with respect to this Float Fund may be withdrawn only for the purposes of (i) paying principal and interest on the Bonds, (ii) preserving the tax-exempt status of the Bonds, provided that the amount withdrawn shall be the minimum amount necessary to preserve such tax-exempt status, and (iii) refunding or redeeming the Bonds, in each case in accordance with the terms of the Authorizing Document. The Permitted Withdrawal Purpose shall be specified on the draw request delivered to CDCFC, in the form of Exhibit B.

f. *Withdrawal Limitations:*

With respect to any withdrawal hereunder, (a) CDCFC must receive the Trustee's written notice in the form of Exhibit B at least two Business Days prior to the date specified for such withdrawal; and (b) the Trustee shall not request payment to be made by CDCFC earlier than one Business Day prior to the date on which such amount is to be applied pursuant to the terms and conditions of the Authorizing Document, and the amount so withdrawn shall be applied for such Permitted Withdrawal Purpose. No withdrawals shall be made for the direct or indirect purpose of reinvestment.

g. *Rate of Earnings:* 4.3203% per annum, calculated on a 30/360 day basis.

h. *Termination Date:* The Business Day immediately preceding August 1, 2032 or, if earlier, the date on which all Bonds are redeemed, repaid or called in whole or are refinanced through an advance or current refunding.

4. *Fund:* "Project Fund A" (consisting of a portion of the Project Fund with respect to the Bonds, as established under the Authorizing Document)

a. *Interest*

*Payment Date:*

Accrued Earnings will be payable (i) on the Business Day immediately preceding each February 1 and August 1, commencing on the Business Day immediately preceding February 1, 2003, and (ii) (to the extent of any amounts remaining in the Fund), on the Termination Date. Accrued Earnings shall be paid to the Trustee in cash.

b. *Investment:* With respect to the Fund, the Initial Investment made in accordance with this Agreement received by CDCFC, plus Earnings not yet paid in accordance with the Investment Agreement, less any withdrawals made in accordance with the Investment Agreement.

c. *Investment Amount:*

*Initial Investment:* \$179,489,002.63.

*Additional Investments:* None.

d. *Investment Date:* November 26, 2002, with respect to the Initial Investment.

**e. Permitted**

**Withdrawal Purpose:** Subject to "Withdrawal Limitations", amounts invested hereunder with respect to this Project Fund A may be withdrawn only for the purposes expressly permitted under the Authorizing Document for the Project Fund with respect to the Bonds, including for the purpose of preserving the tax-exempt status of the Bonds, provided that the amount withdrawn shall be the minimum amount necessary to preserve such tax-exempt status, in each case in accordance with the terms of the Authorizing Document. The Permitted Withdrawal Purpose shall be specified on the draw request delivered to CDCFC, in the form of Exhibit B.

**f. Withdrawal Limitations:**

With respect to any withdrawal hereunder, (a) CDCFC must receive the Trustee's written notice in the form of Exhibit B at least two Business Days prior to the date specified for such withdrawal; (b) the Trustee shall not request payment to be made by CDCFC earlier than one Business Day prior to the date on which such amount is to be applied pursuant to the terms and conditions of the Authorizing Document, and the amount so withdrawn shall be applied for such Permitted Withdrawal Purpose; and (c) the Trustee shall make no more than two (2) withdrawals from this Project Fund A in any calendar month. No withdrawals shall be made for the direct or indirect purpose of reinvestment.

**g. Rate of Earnings:** 2.04% per annum, calculated on a 30/360 day basis.

**h. Termination Date:** The Business Day immediately preceding November 27, 2004 or, if earlier, the date on which all amounts invested hereunder have been withdrawn.

**5. Fund:**

A portion of the Clean Water Debt Service Reserve Account and the Drinking Water Debt Service Reserve Account within the Debt Service Reserve Fund, as established under the Bond Resolution to the extent allocable to the Bonds, together with the portion of the Pool Program Reserve Fund or the Deficiency Fund, as established under the Authorizing Document, representing amounts retained therein as a result of a "Payment Default" under the Authorizing Document with respect to the Loans (for purposes of this Agreement, "DSR Fund B")

**a. Interest**

**Payment Date:**

Accrued Earnings will be payable (i) on the Business Day immediately preceding each February 1 and August 1, commencing on the Business Day immediately preceding February 1, 2003, and (ii) (to the extent of any amounts remaining in the Fund), on the Termination Date. Accrued Earnings shall be paid to the Trustee in cash.

**b. Investment:**

With respect to the Fund, the Initial Investment and any Additional Investments made in accordance with this Agreement received by CDCFC, plus Earnings not yet paid in accordance with the Investment Agreement, less any withdrawals made in accordance with the Investment Agreement.

**c. Investment Amount:**

**Initial Investment:** \$84,250,989.81.

**Additional Investments:**

Additional Investments shall be made (i) to the extent any withdrawals with respect to this DSR Fund B have been made to pay debt service on the Bonds in accordance with the Authorizing Document, with such Additional Investments to be made as soon as amounts are available to the Trustee but in no event later than 24 months after such withdrawal

(with CDCFC to have the right, but not the obligation, to accept for investment hereunder any amount tendered by the Trustee after such 24 month period as a replenishing investment), and (ii) in the amount of any amounts retained in the Pool Program Reserve Fund or the Deficiency Fund under the Authorizing Document as a result of any Payment Default under the Authorizing Document with respect to the Loans; provided, that after giving effect to any such Additional Investment, the remaining amount invested under this Agreement with respect to DSR Fund B shall not exceed the amount permitted to remain invested hereunder as of such date as set forth in Schedule II hereto plus any amounts retained in the Pool Program Reserve Fund or the Deficiency Fund under the Authorizing Document as a result of any Payment Default under the Authorizing Document with respect to the Loans but only for so long as such amount is retained in the Pool Program Reserve Fund or the Deficiency Fund. Additional Investments shall also be made in an amount equal to the amount simultaneously being withdrawn from Project Fund B under this Agreement. With respect to any Additional Investment hereunder, (a) CDCFC must receive the Trustee's written notice in the form of Exhibit B at least two (2) Business Days prior to the date specified for such Additional Investment, (b) the Trustee shall not make more than two (2) Additional Investments hereunder during any calendar month, (c) the minimum amount of such Additional Investment shall be \$5,000, and (d) such Additional Investment may be made hereunder only to the extent that it shall correspond to the Bonds. Notwithstanding the foregoing, (i) on or before November 26, 2004, a total amount not to exceed \$1,000,000 may, at the direction of the Issuer, be reallocated within the scheduled releases for DSR Fund A and DSR Fund B set forth on Schedules I and II hereto, respectively, and (ii) at no time shall the aggregate amount invested with CDCFC hereunder exceed at any time \$100,489,313.00.

d. *Investment Date:* November 26, 2002, with respect to the Initial Investment, and the date on which CDCFC actually receives an Additional Investment, for any such Additional Investment.

e. *Permitted*

*Withdrawal Purpose:* Subject to "Withdrawal Limitations", amounts invested hereunder with respect to the this DSR Fund B may be withdrawn only to effect a "Mandatory DSR Fund B Withdrawal" in accordance with "Withdrawal Limitations" below or for the purposes of (i) paying principal or interest on, or to otherwise avoid or cure a default on, the Bonds, (ii) preserving the tax-exempt status of the Bonds, provided that the amount withdrawn shall be the minimum amount necessary to preserve such tax-exempt status, and (iii) refunding or redeeming the Bonds, in each case in accordance with the terms of the Authorizing Document. Other than with respect to any Mandatory DSR Fund B Withdrawal, the Permitted Withdrawal Purpose shall be specified on the draw request delivered to CDCFC, in the form of Exhibit B.

f. *Withdrawal Limitations:*

Withdrawals from this DSR Fund B shall be made on the dates and in the amounts set forth on Schedule II hereto (each such withdrawal being a "Mandatory DSR Fund B Withdrawal"); provided, that if as of any such date withdrawals (other than Mandatory DSR Fund B Withdrawals) from this DSR Fund B have been made prior to such date and subsequent Additional Investments have not been made to the extent of such withdrawals, the amount of the Mandatory DSR Fund B Withdrawal on such date shall be the amount such that, after giving effect to such Mandatory DSR Fund B Withdrawal, the remaining amount invested hereunder with respect to this DSR Fund B shall be as set forth on Schedule II hereto for such date plus any amounts retained the Pool Program Reserve Fund and/or the Deficiency Fund under the Authorizing Document as a result of any Payment Default under the Authorizing Document with respect to the Loans but only for so long as such amount is retained in the Pool Program Reserve Fund and/or the Deficiency Fund; provided, that in the event of a Payment Default under the Authorizing

Document with respect to a Loan, no withdrawals shall be made from this DSR Fund B or from DSR Fund A to avoid or cure a default on the Bonds until all amounts invested hereunder with respect to such Loan in the Interest Subsidy Fund have been withdrawn in full and not replenished.

With respect to any withdrawal hereunder other than a Mandatory DSR Fund B Withdrawal, (a) CDCFC must receive the Trustee's written notice in the form of Exhibit B at least two Business Days prior to the date specified for such withdrawal; provided, that such notice need only be received by CDCFC one Business Day prior to the date specified for such withdrawal if such withdrawal is required to avoid or cure a default on the Bonds; and (b) the Trustee shall not request payment to be made by CDCFC earlier than one Business Day prior to the date on which such amount is to be applied pursuant to the terms and conditions of the Authorizing Document, and the amount so withdrawn shall be applied for such Permitted Withdrawal Purpose. CDCFC shall pay to the Trustee the amount of any Mandatory DSR Fund B Withdrawal on the relevant date set forth on Schedule II hereto without CDCFC having to receive any written notice with respect to such withdrawal. No withdrawals shall be made for the direct or indirect purpose of reinvestment.

*g. Rate of Earnings:* 4.35% per annum, calculated on a 30/360 day basis.

*h. Termination Date:* The Business Day immediately preceding August 1, 2032 or, if earlier, the date on which all amounts invested hereunder have been withdrawn and for 24 months thereafter no further deposits into the Debt Service Reserve Fund under the Authorizing Document are made and following such 24 month period no such deposits are reasonably expected to be made, as determined by the Issuer.

*6. Fund:* "Project Fund B" (consisting of a portion of the Project Fund with respect to the Bonds, as established under the Authorizing Document)

*a. Interest*

*Payment Date:*

Accrued Earnings will be payable (i) on the Business Day immediately preceding each February 1 and August 1, commencing on the Business Day immediately preceding February 1, 2003, and (ii) (to the extent of any amounts remaining in the Fund), on the Termination Date. Accrued Earnings shall be paid to the Trustee in cash.

*b. Investment:*

With respect to the Fund, the Initial Investment made in accordance with this Agreement received by CDCFC, plus Earnings not yet paid in accordance with the Investment Agreement, less any withdrawals made in accordance with the Investment Agreement.

*c. Investment Amount:*

*Initial Investment:* \$16,238,323.43.

*Additional Investments:* None.

*d. Investment Date:* November 26, 2002, with respect to the Initial Investment.

*e. Permitted*

*Withdrawal Purpose:*

Subject to "Withdrawal Limitations", amounts invested hereunder with respect to the this Project Fund B may be withdrawn only for the purposes expressly permitted under the Authorizing Document for the Project Fund with respect to the Bonds, including for the

purpose of preserving the tax-exempt status of the Bonds, provided that the amount withdrawn shall be the minimum amount necessary to preserve such tax-exempt status, in each case in accordance with the terms of the Authorizing Document. The Permitted Withdrawal Purpose shall be specified on the draw request delivered to CDCFC, in the form of Exhibit B.

*f. Withdrawal  
Limitations:*

No withdrawals shall be made from this Project Fund B unless an equal amount is simultaneously deposited under this Agreement as an Additional Investment with respect to DSR Fund B. With respect to any withdrawal hereunder, (a) CDCFC must receive the Trustee's written notice in the form of Exhibit B at least two Business Days prior to the date specified for such withdrawal; (b) the Trustee shall not request payment to be made by CDCFC earlier than one Business Day prior to the date on which such amount is to be applied pursuant to the terms and conditions of the Authorizing Document, and the amount so withdrawn shall be applied for such Permitted Withdrawal Purpose; and (c) the Trustee shall make no more than two (2) withdrawals from this Project Fund B in any calendar month. No withdrawals shall be made for the direct or indirect purpose of reinvestment.

*g. Rate of Earnings:* 4.35% per annum, calculated on a 30/360 day basis.

*h. Termination Date:* The Business Day immediately preceding November 27, 2004 or, if earlier, the date on which all amounts invested hereunder have been withdrawn.

*7. Fund:*

"Interest Subsidy Fund" (consisting of a portion of the Subsidy Fund with respect to the Bonds, as established under the Authorizing Document)

*a. Interest  
Payment Date:*

Accrued Earnings will be payable (i) on the Business Day immediately preceding each February 1 and August 1, commencing on the Business Day immediately preceding February 1, 2003, and (ii) (to the extent of any amounts remaining in the Fund), on the Termination Date. Accrued Earnings shall be credited on each Interest Payment Date as an Additional Investment with respect to this Interest Subsidy Fund.

*b. Investment:* With respect to the Fund, the Initial Investment (if any) and any Additional Investments made in accordance with this Agreement received by CDCFC, plus Earnings not yet paid in accordance with the Investment Agreement, less any withdrawals made in accordance with the Investment Agreement.

*c. Investment Amount:*

*Initial Investment:* \$0.00.

*Additional  
Investments:*

Additional Investments shall be made in this Interest Subsidy Fund on the dates and in the amounts set forth on Schedule III hereto from a portion of the Contract Assistance Payments attributable to the Bonds. In addition, Additional Investments shall be made (i) in the amount of any accrued Earnings credited as an Additional Investment with respect to this Fund as provided herein, and (ii) to the extent any withdrawals with respect to this Fund have been made to avoid or cure a default on the Bonds in accordance with the Authorizing Document, with such Additional Investments to be made as soon as amounts are available to the Trustee but in no event later than 24 months after such withdrawal

(with CDCFC to have the right, but not the obligation, to accept for investment hereunder any amount tendered by the Trustee after such 24 month period as a replenishing investment). With respect to any Additional Investment hereunder, other than with respect to the crediting of any accrued Earnings as an Additional Investment with respect to this Fund, (a) CDCFC must receive the Trustee's written notice in the form of Exhibit B at least two (2) Business Days prior to the date specified for such Additional Investment, (b) the Trustee shall not make more than two (2) Additional Investments hereunder during any calendar month, and (c) such Additional Investment may be made hereunder only from the Contract Assistance Payments attributable to the Loans, from amounts paid by defaulting borrowers who are making up their shortfalls, or from other sources derived from the Loans. Notwithstanding the foregoing, at no time shall the aggregate amount invested with CDCFC hereunder exceed at any time \$6,422,000.00.

d. *Investment Date:* November 26, 2002, with respect to the Initial Investment (if any), and the date on which CDCFC actually receives an Additional Investment, for any such Additional Investment.

e. *Permitted*

*Withdrawal Purpose:* Subject to "Withdrawal Limitations", amounts invested hereunder with respect to the this Interest Subsidy Fund may be withdrawn only for the purposes of (i) paying principal or interest on, or to otherwise avoid or cure a default on, the Bonds, (ii) preserving the tax-exempt status of the Bonds, provided that the amount withdrawn shall be the minimum amount necessary to preserve such tax-exempt status, and (iii) refunding or redeeming the Bonds, in each case in accordance with the terms of the Authorizing Document. Other than amounts withdrawn on the dates and in the amounts set forth on Schedule III hereto, the Permitted Withdrawal Purpose shall be specified on the draw request delivered to CDCFC, in the form of Exhibit B.

f. *Withdrawal*

*Limitations:*

From and after February 1, 2023, withdrawals from this Interest Subsidy Fund shall be made on the dates and in the amounts set forth on Schedule III hereto; provided, that if the Trustee has withdrawn amounts prior to any such date and subsequent Additional Investments have not been made, or Additional Investments in the amounts and on the dates set forth on Schedule III have not been timely made, such that on any such date the amount then invested under this Agreement with respect to this Interest Subsidy Fund is less than the amount scheduled to be withdrawn on such date, the amount withdrawn on such date shall equal the amount then invested under this Agreement with report to this Interest Subsidy Fund.

With respect to any withdrawal hereunder other than a withdrawal on the date and in the amount set forth on Schedule III hereto, (a) CDCFC must receive the Trustee's written notice in the form of Exhibit B at least two Business Days prior to the date specified for such withdrawal; provided, that such notice need only be received by CDCFC one Business Day prior to the date specified for such withdrawal if such withdrawal is required to avoid or cure a default on the Bonds; and (b) the Trustee shall not request payment to be made by CDCFC earlier than one Business Day prior to the date on which such amount is to be applied pursuant to the terms and conditions of the Authorizing Document, and the amount so withdrawn shall be applied for such Permitted Withdrawal Purpose. No withdrawals shall be made for the direct or indirect purpose of reinvestment.

g. *Rate of Earnings:* 4.35% per annum, calculated on a 30/360 day basis.

h. *Termination Date:* The Business Day immediately preceding August 1, 2032 or, if earlier, the date on which all amounts invested hereunder have been withdrawn and for 24 months thereafter no further deposits into the Interest Subsidy Fund with respect to the Bonds under the

Authorizing Document are made and following such 24 month period no such deposits are reasonably expected to be made, as determined by the Issuer.

Part II--Collateral Requirements Upon Ratings Event

II.1 Provisions with Respect to Collateral. In the event that a Ratings Event occurs and CDCFC delivers Collateral pursuant to Section 4.2 hereof, the provisions of this Part II. 1 shall apply.

(a) Grant of Security Interest. As security for the prompt and complete payment when due of the Investment, CDCFC hereby pledges, assigns, conveys and transfers to the Trustee, and hereby grants to the Trustee a first and prior security interest under the Uniform Commercial Code or other applicable law in and to, and general first lien upon and interest in and to, the Collateral as security pursuant to and in accordance with the provisions of this Agreement.

(b) Delivery. On the relevant date, CDCFC shall deliver to the Collateral Agent Collateral with an aggregate Collateral Value that equals or exceeds the Collateral Requirement Level with respect to the Investment.

(c) Collateral Valuation. The Collateral Agent shall, promptly following the opening of business on each Collateral Valuation Date, determine the aggregate Collateral Value of Collateral held by the Collateral Agent pursuant to this Part II.1, and shall notify CDCFC and the Trustee by telephone on such date (such notice to be promptly confirmed in writing) of such amount and provide CDCFC and the Trustee any information that CDCFC and the Trustee may reasonably request regarding the Collateral Agent's determination thereof. If such amount is less than the Collateral Requirement Level on such Collateral Valuation Date, CDCFC shall before the close of business on the second Business Day following the date of such determination, deliver to the Collateral Agent additional Collateral having an aggregate Collateral Value on such day not less than the amount of such deficiency.

(d) Withdrawal of Collateral. CDCFC shall, by giving telephonic notice (such notice to be promptly confirmed in writing) to the Collateral Agent, be entitled to withdraw Collateral on any Collateral Valuation Date to the extent that the aggregate Collateral Value of Collateral held by the Collateral Agent pursuant to this Part II.1 exceeds the Collateral Requirement Level on such Collateral Valuation Date. Such notice shall specify the Collateral to be withdrawn. In addition, CDCFC shall be entitled to withdraw all Collateral on any Business Day by delivering written notice to the Collateral Agent (together with executed copies of all pertinent documents and agreements relating thereto) to the effect that (i) the applicable ratings issued by Moody's, S&P and/or Fitch in respect of the Guarantor have been reinstated or raised to the Minimum Rating; or (ii) CDCFC has paid to the Trustee the balance of all Investments, together with all Earnings thereon in accordance with this Agreement; or (iii) CDCFC has satisfied the requirements of clause (x) or (y) of Section 4.2. Such notice shall specify the Collateral to be withdrawn. The Collateral Agent shall deliver to CDCFC the Collateral so specified as soon as practicable following receipt of such notice, but in any event no later than the close of business on the second Business Day following receipt of such notice and such documents.

(e) Substitution of Collateral. CDCFC shall be entitled on any Business Day, upon giving telephonic notice (such notice to be promptly confirmed in writing) to the Collateral Agent, to substitute for any Collateral other Collateral having the same or greater Collateral Value at the time of substitution. Such notice shall specify the Collateral to be withdrawn and the substitute Collateral to be delivered to the Collateral Agent. The Collateral Agent shall as soon as practicable following receipt of such notice, but in any event no later than the close of business on the Business Day next following receipt of such notice, deliver to CDCFC the Collateral so specified for withdrawal against delivery by CDCFC of such substitute Collateral.

(f) Registration and Repledge of Collateral. Except after the occurrence and during the continuation of an Event of Default, the Collateral Agent may not sell, pledge or otherwise dispose of Collateral or any interest therein except for redelivery of Collateral to CDCFC or the pledgor thereof.

(g) Remedies. If any Event of Default shall occur and be continuing, the Collateral Agent at the direction of the Trustee shall, to the extent permitted by applicable law, (i) be entitled to exercise any of the rights and remedies of a secured party with respect to the Collateral, including any such rights and remedies under the Uniform

Commercial Code and, in addition, (ii) following notice to CDCFC to the extent required by applicable law but without demand of performance, terminate this Agreement and sell the Collateral or any part thereof, in one lot or in separate parcels, for cash or on credit or on future delivery, at the option and at the sole discretion of the Collateral Agent, at any public or private sale, and at such price or prices as the Collateral Agent may deem appropriate. If the purchaser fails to take up and pay for the Collateral so sold, such Collateral may again be similarly sold. The Collateral Agent, the Trustee or CDCFC may be the purchaser of any or all of the Collateral sold and thereafter shall hold such Collateral free from any right of redemption, stay or appraisal; provided, however, no Collateral consisting of securities may be purchased in a private sale for less than the fair market value of such securities.

(h) Application of Proceeds. The proceeds of any sale of all or any part of the Collateral pursuant to this Part II.1 shall be applied by the Collateral Agent first to all reasonable expenses and fees (including, without limitation, reasonable fees and expenses of legal counsel) or taxes imposed or incurred, after the occurrence of an Event of Default, in connection with (i) the custody, care, sale or collection of, or realization upon, any of the Collateral or, (ii) the preservation or enforcement of any rights of the Collateral Agent hereunder and second to the payment of the obligations of CDCFC hereunder. CDCFC shall remain liable for any such obligations remaining unpaid from the foregoing proceeds and shall be entitled to any surplus after any application of such proceeds.

(i) Other Requirements. CDCFC, the Trustee and the Collateral Agent shall enter into a collateral agreement substantially in the form of Exhibit C hereto. All Collateral delivered to the Collateral Agent hereunder shall be segregated by the Collateral Agent from other assets of the Collateral Agent, the Trustee or any other person. The Collateral Agent shall prepare and deliver to CDCFC, the Trustee and the Issuer by the 20th calendar day of each month a report specifying the identity and location of all Collateral as of the end of the month next preceding such report. So long as an Event of Default has not occurred nor is continuing, all payments of interest or other amounts payable on any Collateral delivered to the Collateral Agent hereunder shall be remitted by the Collateral Agent to CDCFC on the date of receipt thereof (if such payments are received by the Collateral Agent by 1:00 p.m. (New York time) or on the Business Day following the date or receipt (if such payments are received by the Collateral Agent after 1:00 p.m. (New York time)). CDCFC will pay the fees and costs of the Collateral Agent.

Part II.2 Collateral Definitions.

"Collateral" means cash and (i) securities issued or guaranteed by the United States Government, including United States Treasury obligations ("Government Securities"), (ii) bonds, notes, debentures, obligations or other evidences of indebtedness issued or fully guaranteed by the Government National Mortgage Association ("GNMAs"), the Federal National Mortgage Association ("FNMAs"), and the Federal Home Loan Mortgage Corporation ("FHLMCs"), including but not limited to, mortgage participation certificates, mortgage pass-through certificates, and other mortgage-backed securities (provided that Collateral shall not include stripped mortgage securities which are purchased at prices exceeding their principal amounts or structured notes), and (iii) so long as the long-term senior unsecured debt obligations or claims paying ability of the Rated Party are not rated below AA- by S&P, below Aa3 by Moody's or below AA- by Fitch, corporate and municipal obligations rated "AAA".

"Collateral Agent" means Deutsche Bank Trust Company Americas or, if mutually agreed to by the Trustee, the Issuer and CDCFC, any other third-party custodian or collateral agent.

"Collateral Requirement Level" means with respect to cash, 100%, with respect to all other Collateral, 105%, of the percentage of the outstanding principal balance of all Investments secured thereby and accrued and unpaid Earnings thereon.

"Collateral Valuation Date" means each Tuesday or if such day is not a Business Day the next succeeding Business Day.

"Collateral Value" as of any date means, in the case of cash, the amount thereof and, in the case of other Collateral, at any time the closing bid price for such Collateral on the preceding Business Day as reported in The Wall Street Journal (or such other source as is mutually agreed upon by the Trustee and CDCFC) plus accrued and unpaid interest to the extent not included therein.

Part III--Notices and Wire Instructions

A. Notices and communications to the parties should be directed to:

If to CDCFC:

CDC Funding Corp.  
9 West 57<sup>th</sup> Street, 36<sup>th</sup> Floor  
New York, NY 10019

Attention: Michael P. Frasco  
Telephone No.: (212) 891-6202  
Facsimile No.: (212) 891-3319

If to the Issuer:

Massachusetts Water Pollution Abatement Trust  
One Ashburton Place, 12<sup>th</sup> Floor  
Boston, MA 02108

Attention: Treasurer  
Telephone No.: (617) 367-9333  
Facsimile No.: (617) 227-1773

If to the Trustee:

State Street Bank and Trust Company  
Corporate Trust Department -- 6<sup>th</sup> Floor  
2 Avenue de Lafayette  
Boston, MA 02111-1724

Attention: Alison Dellabella Nadeau  
Telephone No.: (617) 662-1704  
Facsimile No.: (617) 662-1456

B. Wire Transfer Information -- unless otherwise designated, wire instructions and transfers shall be made as follows:

If to CDCFC:

FEDERAL FUNDS WIRE TRANSFER TO:

BANK NAME: BANKERS TRUST COMPANY, NEW YORK, NEW YORK  
ABA NO.: 021 001 033  
FOR: CDC FUNDING CORP.  
DDA ACCT. NO.: 008 78 411  
REFERENCE: MASSACHUSETTS WATER SERIES 8  
G-00961-001 (DSR Fund A)  
G-00961-002 (Float Fund A)  
G-00961-003 (Project Fund A)  
G-00961-004 (DSR Fund B)  
G-00961-005 (Project Fund B)  
G-00961-006 (Interest Subsidy Fd B)

If to the Trustee:

FEDERAL FUNDS WIRE TRANSFER TO:

BANK NAME: STATE STREET BANK AND TRUST COMPANY  
Boston, Massachusetts  
ABA NO.: 011-00-0028  
DDA NO.: 1551 758 4  
FFC: MWPAT / Pool 8  
ATTN: My Tran (617-662-1702)  
Corporate Trust



**Schedule I  
DSR A**

	Deposit	Releases
26-Nov-2002	\$19,087,700.00	\$0.00
1-Feb-2003	-	-
1-Feb-2021	-	-
1-Aug-2021	-	2,199,883.50
1-Feb-2022	-	-
1-Aug-2022	-	6,937,816.50
1-Feb-2023	-	-
1-Aug-2023	-	850,000.00
1-Feb-2024	-	-
1-Aug-2024	-	880,000.00
1-Feb-2025	-	-
1-Aug-2025	-	910,000.00
1-Feb-2026	-	-
1-Aug-2026	-	944,000.00
1-Feb-2027	-	-
1-Aug-2027	-	976,000.00
1-Feb-2028	-	-
1-Aug-2028	-	1,008,000.00
1-Feb-2029	-	-
1-Aug-2029	-	1,044,000.00
1-Feb-2030	-	-
1-Aug-2030	-	1,082,000.00
1-Feb-2031	-	-
1-Aug-2031	-	1,118,000.00
1-Feb-2032	-	-
1-Aug-2032	-	1,138,000.00
1-Feb-2033	-	-
1-Aug-2033	-	-
	\$19,087,700.00	\$19,087,700.00

\*On or before November 26, 2004, a total amount not to exceed \$1,000,000 may, at the direction of the Issuer, be withdrawn by the Trustee or reallocated within the scheduled releases for DSR Fund A and DSR Fund B as set forth on Schedules I and II

\*\* If any date listed above is not a Business Day, the scheduled release with respect thereto shall be made on the immediately succeeding Business Day

**Schedule II  
DSR B**

Date	Deposit	Releases
26-Nov-2002	\$ 100,489,313.24	\$ -
1-Feb-2003	-	-
1-Aug-2003	-	4,148,816.06
1-Feb-2004	-	-
1-Aug-2004	-	4,238,907.28
1-Feb-2005	-	-
1-Aug-2005	-	4,515,487.28
1-Feb-2006	-	-
1-Aug-2006	-	4,584,539.71
1-Feb-2007	-	-
1-Aug-2007	-	4,669,563.57
1-Feb-2008	-	-
1-Aug-2008	-	4,771,774.62
1-Feb-2009	-	-
1-Aug-2009	-	4,888,864.81
1-Feb-2010	-	-
1-Aug-2010	-	5,031,585.94
1-Feb-2011	-	-
1-Aug-2011	-	5,204,221.12
1-Feb-2012	-	-
1-Aug-2012	-	5,344,903.85
1-Feb-2013	-	-
1-Aug-2013	-	5,442,320.00
1-Feb-2014	-	-
1-Aug-2014	-	5,627,319.50
1-Feb-2015	-	-
1-Aug-2015	-	5,811,319.00
1-Feb-2016	-	-
1-Aug-2016	-	5,990,652.00
1-Feb-2017	-	-
1-Aug-2017	-	6,174,318.00
1-Feb-2018	-	-
1-Aug-2018	-	6,323,485.00
1-Feb-2019	-	-
1-Aug-2019	-	6,527,318.00
1-Feb-2020	-	-
1-Aug-2020	-	6,590,984.00
1-Feb-2021	-	-
1-Aug-2021	-	4,602,933.50
1-Feb-2022	-	-
1-Aug-2023	-	-
	\$ 100,489,313.24	\$ 100,489,313.24

\*On or before November 26, 2004, a total amount not to exceed \$1,000,000 may, at the direction of the Issuer, be withdrawn by the Trustee or reallocated within the scheduled releases for DSR Fund A and DSR Fund B as set forth on Schedules I and II

**\*\* If any date listed above is not a Business Day, the scheduled release with respect thereto shall be made on the immediately succeeding Business Day**

Schedule III  
Interest Subsidy Fund

Date	Deposits	Draws
26-Nov-2002		-
1-Feb-2003	81.79	-
1-Aug-2003	203,313.45	-
1-Feb-2004	81.79	-
1-Aug-2004	181,913.45	-
1-Feb-2005	81.79	-
1-Aug-2005	203,313.45	-
1-Feb-2006	81.79	-
1-Aug-2006	203,313.45	-
1-Feb-2007	81.79	-
1-Aug-2007	203,313.45	-
1-Feb-2008	81.79	-
1-Aug-2008	203,313.45	-
1-Feb-2009	81.79	-
1-Aug-2009	203,313.45	-
1-Feb-2010	81.79	-
1-Aug-2010	203,313.45	-
1-Feb-2011	81.79	-
1-Aug-2011	203,313.45	-
1-Feb-2012	81.79	-
1-Aug-2012	203,313.45	-
1-Feb-2013	81.79	-
1-Aug-2013	203,313.45	-
1-Feb-2014	81.79	-
1-Aug-2014	203,313.45	-
1-Feb-2015	81.79	-
1-Aug-2015	203,313.45	-
1-Feb-2016	81.79	-
1-Aug-2016	203,313.45	-
1-Feb-2017	81.79	-
1-Aug-2017	203,313.45	-
1-Feb-2018	81.79	-
1-Aug-2018	203,313.45	-
1-Feb-2019	81.79	-
1-Aug-2019	203,313.45	-
1-Feb-2020	81.79	-
1-Aug-2020	203,313.45	-
1-Feb-2021	81.79	-
1-Aug-2021	203,313.45	-
1-Feb-2022	81.79	-
1-Aug-2022	224,713.45	-
1-Feb-2023	-	2,699.19
1-Aug-2023	-	787,346.27
1-Feb-2024	-	2,699.19
1-Aug-2024	-	787,346.27
1-Feb-2025	-	2,699.19
1-Aug-2025	-	787,346.27
1-Feb-2026	-	2,699.19
1-Aug-2026	-	787,346.27
1-Feb-2027	-	2,699.19
1-Aug-2027	-	787,346.27
1-Feb-2028	-	2,699.19
1-Aug-2028	-	787,346.27
1-Feb-2029	-	2,699.19
1-Aug-2029	-	787,346.27
1-Feb-2030	-	2,699.19
1-Aug-2030	-	787,346.27
1-Feb-2031	-	2,699.19
1-Aug-2031	-	787,346.27
1-Feb-2032	-	2,699.19
1-Aug-2032	-	787,346.27
1-Feb-2033	-	-
1-Aug-2033	-	-



**GUARANTEE OF  
CDC FINANCE-CDC IXIS IN FAVOR  
OF CDC FUNDING CORPORATION**

GUARANTEE, dated as of July 1, 2001 by CDC Finance-CDC IXIS, a corporation (*société anonyme*) governed by French law (the "Guarantor"), of Obligations (as hereafter defined) under any Transaction (as hereafter defined) with CDC Funding Corporation (the "Company"), a corporation organized under the laws of the State of New York, all of the outstanding shares of capital stock of which are owned indirectly by the Guarantor.

WHEREAS, the Company intends to enter into from time to time various financial and investment contracts and other financial agreements (the "Muni Program") that the Company intends to market to (i) state and local governments, other governmental instrumentalities and agencies and other issuers of taxable and tax exempt securities, and to the custodians, trustees and sureties acting on their behalf with respect to issuances of taxable or tax-exempt securities, including, without limitation, securities issued on a limited or non-recourse basis, whether backed by revenues or otherwise and (ii) other counterparty purchasers of swaps, structured notes, hedge instruments, and other financial markets instruments ("each being a "Beneficiary"); and

WHEREAS, all Obligations (as hereafter defined) of the Company incurred by it under each Transaction (as hereafter defined) entered into for its Muni Program will be guaranteed by the Guarantor pursuant to this Guarantee.

NOW, THEREFORE, in consideration of the foregoing, the Guarantor hereby agrees as follows:

1. Guarantee.

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, the Guarantor hereby unconditionally and irrevocably guarantees to each Beneficiary, its successors, endorses and permitted assigns, the prompt payment when due of all present and future payment obligations and liabilities of the Company arising from any Transaction, whether incurred by the Company directly, or as maker, endorser, drawer, acceptor, guarantor, accommodation party or otherwise, and whether due or to become due, secured or unsecured, absolute or contingent, joint or several (collectively, "Obligations"). For purposes hereof, the term

*"Transaction"* shall mean any financial transaction, agreement or arrangement entered into by the Company under its Muni Program.

- 1.2 Notwithstanding the preceding paragraph, this Guarantee does not cover any obligation arising from subordinated securities or subordinated indebtedness issued or entered into by the Company subject to a subordination provision which is generally intended for or which generally results in the characterization of such securities or indebtedness as equity of the Company.

## 2. Nature of Guarantee.

- 2.1 The Guarantor's obligations hereunder with respect to any Obligation shall not be affected by the existence, validity, enforceability, perfection, or extent of any collateral for such Obligation. No party shall be obligated to file any claim relating to the Obligations owing to it in the event that the Company becomes subject to a bankruptcy, reorganization, insolvency or similar proceeding, and the failure of any party to so file shall not affect the Guarantor's obligations hereunder. This Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) with respect to any Obligation if at any time such Obligation, in whole or in part, is rescinded or must otherwise be returned by a party upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

The Guarantor hereby acknowledges that this Guarantee may be enforced directly against the Guarantor. This Guarantee is a guarantee of payment and not of collection.

- 2.2 Notwithstanding the preceding paragraph, the Guarantor will have no obligation vis-à-vis any party entitled to the benefit of this Guarantee greater than those owed by the Company.
- 2.3 Notice of any claim under this Guarantee must be sent in writing as specified in Section 11 after the Company has defaulted in its payment obligation under a Transaction and include copies of supporting documentation indicating the nature and amount of the Obligation as well as a statement indicating the nature of any default by the Company.

## 3. Consents and Waivers.

The Guarantor agrees that any party entitled to the benefit of this Guarantee may at any time and from time to time, either before or after the maturity thereof extend the time of payment of the Obligations without impairing or affecting this Guarantee. The Guarantor agrees that

such party may resort to the Guarantor for payment of any of the Obligations, whether or not such party shall have resorted to any collateral security (unless otherwise provided in the Transaction), or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the Obligations.

4. Subrogation; Set-Off.

- 4.1 Upon payment of all the Obligations owing to a party, the Guarantor shall be subrogated to the rights of such party against the Company. The Guarantor will not exercise any such subrogation rights until all Obligations and all other amounts payable under this Guarantee to such party shall have been paid in full.
- 4.2 No set-off, counterclaim, reduction or diminution of any liability or any defense of any kind or nature (other than payment and performance of an Obligation) which the Guarantor may have or assert against the Company with respect to any action arising out of a Transaction shall be available hereunder to, or shall be asserted by, the Guarantor against the party or parties to such Transaction.

5. Representations and Warranties.

The Guarantor represents and warrants, for the benefit of any party entitled to the benefit of this Guarantee, as follows, as of the date hereof:

- (a) The Guarantor is a corporation (*société anonyme*) governed by French law, validly existing under the laws of the French Republic and duly licensed as a bank in France and has full power and authority to execute, deliver and perform this Guarantee.
- (b) The Guarantor has the requisite power to execute, deliver and perform the terms and provisions of this Guarantee and no further action is necessary to authorize the execution, delivery and performance by it of this Guarantee.
- (c) The Guarantor has duly executed and delivered this Guarantee, and this Guarantee constitutes the legal, valid and binding direct obligation of the Guarantor enforceable against the Guarantor in accordance with its terms.
- (d) Neither the execution, delivery or performance by the Guarantor of this Guarantee, nor compliance by it with the terms and provisions hereof, (i) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree

of any court or governmental instrumentality applicable to the Guarantor, (ii) will conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien, charge or encumbrance whatsoever, upon any of the property or assets of the Guarantor pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other agreement, contract or instrument to which the Guarantor is a party or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the organizational documents of the Guarantor.

- (e) No action by, and no notice to or filing with, any governmental authority or regulatory body is required in connection with the execution, delivery or performance of this Guarantee.

6. Assignment.

The Guarantor may not assign its rights, interests or obligations hereunder with respect to any Transaction without the prior written consent of the parties to such Transaction.

7. Governing Law.

This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York.

8. Termination and Continuation.

8.1 The Guarantee shall be effective as from July 1, 2001 for an indefinite term.

8.2 It may be terminated at any time by the Guarantor. In case of termination, the Company, duly informed by the Guarantor, shall inform the parties entitled to the benefit of the Guarantee of such termination by publishing an announcement in the manner set forth below.

Announcement of the termination shall be published in at least one financial information paper in Paris, London, Frankfurt, New York and Tokyo at least six (6) months before the effective date of the contemplated termination. The termination as published shall be enforceable against all parties entitled to the benefit of this Guarantee.

8.3 Notwithstanding such termination, this Guarantee shall continue in full force and effect with respect to any Obligations of the Company under any Transaction entered into while this Guarantee is in full force and effect until all such Obligations have been performed in full.

9. Submission to Jurisdiction; Immunity.

9.1 The Guarantor hereby irrevocably submits to the jurisdiction of any New York State court in the Borough of Manhattan or Federal court sitting in the Southern District of New York in any action or proceeding arising out of or relating to this Guarantee, and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State or Federal court in the Borough of Manhattan and irrevocably waives any objection they may now or hereafter have based upon improper venue or forum non conveniens with respect to any such action or proceeding in such court. The Guarantor agrees that a final unappealable judgment in any action or proceeding arising out of or relating to this Guarantee shall be conclusive and may be enforced in any other jurisdiction otherwise having jurisdiction over the Guarantor by suit on the judgment or in any other manner provided by law.

9.2 To the extent that the Guarantor may have, or may hereafter become entitled to or have attributed to it (whether or not claimed), any right of immunity, on the grounds of sovereignty or otherwise, from any action, suit or proceeding, from setoff or counterclaim, from the jurisdiction of any court, from service of process upon it or any agent, or other legal process or proceeding for the giving of any relief or for the enforcement of judgments, in any jurisdiction, the Guarantor hereby irrevocably and unconditionally and to the fullest extent permitted by law waives, and agrees not to plead or claim any such immunity for itself with respect to its obligations, liabilities or any other matter under or arising out of or in connection with any Transaction, any Obligations or this Guarantee it being intended that the foregoing waiver and agreement shall be effective, irrevocable and not subject to withdrawal in any and all jurisdictions. Without limiting the generality of the foregoing, the Guarantor agrees that the waivers set forth herein shall be to the fullest extent permitted under the U.S. Foreign Sovereign Immunities Act of 1976, as amended, and are intended to be irrevocable for purposes of such Act.

10. Appointment of Agent.

The Guarantor hereby appoints CDC IXIS North America Inc., with offices at 9 West 57th Street, New York, New York 10019, and its successors as its agent for service of process in

the State of New York. The Guarantor hereby agrees to take any and all action necessary to continue such designation in full force and effect and should CDC IXIS North America Inc. (or its successors) become unavailable for this purpose for any reason, the Guarantor shall forthwith irrevocably designate a new process agent within the City of New York. Service may be made upon such agent or upon the Guarantor in person or by registered or certified mail, postage prepaid, addressed to such agent at the address set forth in this Section or to the Guarantor at the address set forth in Section 11 hereof, as the case may be. Nothing in Section 9 or in this Section 10 shall affect the right of a party to a Transaction to serve legal process in any other manner permitted by law or affect the right of such party to bring any action or proceeding against the Guarantor or its property in the courts of other jurisdictions otherwise having jurisdiction over the Guarantor.

**11. Notices.**

All notices to or demands on the Guarantor shall be deemed made when given, and shall be in writing and sent by telecopier or telegram confirmed by registered mail, and

addressed to the Guarantor at:

with a copy to:

CDC Finance—CDC IXIS  
 c/o CDC IXIS North America Inc.  
 9 West 57<sup>th</sup> Street  
 New York, New York 10019  
 Attention: Chief Executive Officer  
 Telephone: (212) 891-6255  
 Telecopy: (212) 891-6295

CDC Finance—CDC IXIS  
 The General Secretary — FS  
 56, rue de Lille  
 75007 Paris,  
 France  
 Attention: The General Secretary  
 Telephone: (33)-1-4049-8010  
 Telecopy: (33)-1-4049-9925

**12. Currency of Payment.**

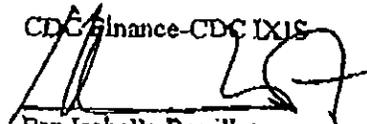
All obligations hereunder are payable in the same currency as that in which the Company should have executed its payment obligations in respect of the Transaction (hereafter referred to as the "Relevant Currency") and according to the same terms and conditions as the Company would have been subject to. The obligation of the Guarantor to make payment in the Relevant Currency of any Obligations due hereunder shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any currency other than the Relevant Currency, except to the extent such tender or recovery shall result in the actual receipt by a party of the full amount of the Relevant

Currency expressed to be payable in respect of any such Obligations. The obligation of the Guarantor to make payment in the Relevant Currency shall be enforceable as an alternative or additional cause of action for the purpose of recovery in the Relevant Currency of the amount, if any, by which such actual receipt shall fall short of the full amount of the Relevant Currency expressed to be payable in respect of any such Obligations and shall not be affected by judgment being obtained for any other sums due under this Guarantee.

13. Taxes.

- (a) Any and all payments made by the Guarantor hereunder shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all Obligations with respect thereto, excluding taxes imposed on net income and all income and franchise taxes of the United States and any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and Obligations being hereinafter referred to as "*Taxes*"). If the Guarantor shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the entitled payee receives an amount equal to the sum it would have received had no such deduction been made, (ii) the Guarantor shall make such deductions and (iii) the Guarantor shall pay the full amount deducted to the relevant taxation authorities in accordance with applicable law.
- (b) In addition, the Guarantor agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Guarantee (hereinafter referred to as "*Other Taxes*").

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be executed in its name by its duly authorized officer.

CDC Finance-CDC IXIS  
  
By: Isabelle Bouillot  
Title: Chairman of the  
Executive Committee



Albert P. Zakes  
General Counsel

November 26, 2002

State Street Bank and Trust Company  
Corporate Trust Department – 6<sup>th</sup> Floor  
2 Avenue de Lafayette  
Boston, MA 02111-1724

Massachusetts Water Pollution Abatement Trust  
One Ashburton Place, 12<sup>th</sup> Floor  
Boston, MA 02108

Ladies and Gentlemen:

I am General Counsel to CDC IXIS Capital Markets North America Inc. and have acted as counsel to its affiliate, CDC Funding Corp., a corporation organized under the laws of New York ("CDC Funding") in connection with the entering into of the Investment Agreement dated November 26, 2002, (the "Agreement") by and among CDC Funding, Massachusetts Water Pollution Abatement Trust (the "Issuer") and State Street Bank and Trust Company (the "Trustee").

I have also acted as United States counsel to CDC Finance-CDC IXIS, a corporation (*société anonyme*) governed by French law, (the "Guarantor") in connection with its issuance of a Guarantee, dated as of July 1, 2001 of the obligations of CDC Funding arising out of the Agreement (the "Guarantee").

In so acting, I have examined and relied upon originals, or copies certified or otherwise identified to my satisfaction, of the Agreement; the Guarantee; and such other records, documents, certificates and other instruments as in my judgment are necessary or appropriate to enable me to render the opinion expressed below. In rendering this opinion, with your consent I have relied without independent investigation upon the opinion of Alain Stinnakre, French in-house counsel to the Guarantor dated July 5, 2001 as to all matters included herein governed by or involving conclusions under the laws of the French Republic. I have also assumed the capacity and authority of the Trustee to enter into the Agreement and I have assumed the due authorization, execution and delivery of the Agreement on behalf of the Trustee, and the due authorization of the individuals acting on behalf of the Issuer. Finally I have assumed that the Agreement constitutes the legal, valid and binding agreement of each of the parties thereto (other than CDC Funding).

A subsidiary of CDC IXIS  
North America  
9 West 57<sup>th</sup> Street  
35<sup>th</sup> Floor  
New York, N.Y. 10019

Tel. (212) 891-6137  
Fax (212) 891-1922  
albert.zakes@cdcixis-cmna.com

The logo for CDC IXIS Capital Markets features a stylized graphic of two interlocking loops on the left, followed by the text "CDC IXIS" in a large, bold, sans-serif font, and "Capital Markets" in a smaller, regular sans-serif font below it.

Based upon the foregoing and on such examination of questions of law as I have deemed necessary and appropriate for the purposes of this opinion, I am of the opinion that:

1. CDC Funding is duly and validly organized and existing under the laws of the State of New York and has all requisite corporate power and authority to authorize, execute and deliver the Agreement.

2. CDC Funding has duly authorized, executed and delivered the Agreement; and the Agreement constitutes the legal, valid and binding obligation of CDC Funding, enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency, liquidation, readjustment of debt, fraudulent conveyance, transfer, moratorium or other similar laws relating to or affecting the enforcement of the rights of creditors generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or law.

3. Assuming the Guarantor has duly executed and delivered the Guarantee, the Guarantee constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency, liquidation, readjustment of debt, fraudulent conveyance, transfer, moratorium or other similar laws relating to or affecting the enforcement of the rights of creditors generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or law.

4. The Agreement constitutes a Transaction as defined in the Guarantee and the obligations of CDC Funding under the Agreement are guaranteed by the Guarantor in accordance with the terms of the Guarantee.

I express no opinion as to the laws of any jurisdiction other than the laws of the State of New York and the federal law of the United States of America.

This opinion is solely for your and Standard & Poor 's Ratings Services' benefit and may not be relied upon by you for any purpose other than in connection with the above-referenced transaction and may not be relied upon by or furnished to any other person, firm or corporation for any purpose without my prior written consent.

Very truly yours,

A handwritten signature in black ink, appearing to read "A. P. Jones". The signature is written in a cursive style with a large, looped initial "A" and a long, sweeping tail.



Albert P. Zakes  
General Counsel

November 26, 2002

State Street Bank and Trust Company  
Corporate Trust Department - 6<sup>th</sup> Floor  
2 Avenue de Lafayette  
Boston, MA 02111-1724

Massachusetts Water Pollution Abatement Trust  
One Ashburton Place, 12<sup>th</sup> Floor  
Boston, MA 02108

Ladies and Gentlemen:

I am General Counsel to CDC IXIS Capital Markets North America Inc. and have acted as counsel to its affiliate, CDC Funding Corp., a corporation organized under the laws of New York ("CDC Funding") in connection with the entering into of the Investment Agreement dated November 26, 2002, (the "Agreement") by and among CDC Funding, Massachusetts Water Pollution Abatement Trust (the "Issuer") and State Street Bank and Trust Company (the "Trustee").

I have also acted as United States counsel to CDC Finance-CDC IXIS, a corporation (*société anonyme*) governed by French law, (the "Guarantor") in connection with its issuance of a Guarantee, dated as of July 1, 2001 of the obligations of CDC Funding arising out of the Agreement (the "Guarantee").

In so acting, I have examined and relied upon originals, or copies certified or otherwise identified to my satisfaction, of the Agreement; the Guarantee; and such other records, documents, certificates and other instruments as in my judgment are necessary or appropriate to enable me to render the opinion expressed below. In rendering this opinion, with your consent I have relied without independent investigation upon the opinion of Alain Sinnakre, French in-house counsel to the Guarantor dated July 5, 2001 as to all matters included herein governed by or involving conclusions under the laws of the French Republic. I have also assumed the capacity and authority of the Trustee to enter into the Agreement and I have assumed the due authorization, execution and delivery of the Agreement on behalf of the Trustee, and the due authorization of the individuals acting on behalf of the Issuer. Finally I have assumed that the Agreement constitutes the legal, valid and binding agreement of each of the parties thereto (other than CDC Funding).

A subsidiary of CDC IXIS  
North America  
9 West 57<sup>th</sup> Street  
35<sup>th</sup> Floor  
New York, N.Y. 10019

Tel. (212) 891-6137  
Fax (212) 891-1922  
albert.zakes@cdcixis-cmna.com

 CDC IXIS  
Capital Markets

P. 3 NO. 6204

1 (212) 891-6112

NOV. 25. 2002 9:37AM

Based upon the foregoing and on such examination of questions of law as I have deemed necessary and appropriate for the purposes of this opinion, I am of the opinion that:

1. CDC Funding is duly and validly organized and existing under the laws of the State of New York and has all requisite corporate power and authority to authorize, execute and deliver the Agreement.

2. CDC Funding has duly authorized, executed and delivered the Agreement; and the Agreement constitutes the legal, valid and binding obligation of CDC Funding, enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency, liquidation, readjustment of debt, fraudulent conveyance, transfer, moratorium or other similar laws relating to or affecting the enforcement of the rights of creditors generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or law.

3. Assuming the Guarantor has duly executed and delivered the Guarantee, the Guarantee constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency, liquidation, readjustment of debt, fraudulent conveyance, transfer, moratorium or other similar laws relating to or affecting the enforcement of the rights of creditors generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or law.

4. The Agreement constitutes a Transaction as defined in the Guarantee and the obligations of CDC Funding under the Agreement are guaranteed by the Guarantor in accordance with the terms of the Guarantee.

I express no opinion as to the laws of any jurisdiction other than the laws of the State of New York and the federal law of the United States of America.

This opinion is solely for your and Standard & Poor 's Ratings Services' benefit and may not be relied upon by you for any purpose other than in connection with the above-referenced transaction and may not be relied upon by or furnished to any other person, firm or corporation for any purpose without my prior written consent.

Very truly yours,





254, boulevard Saint-Germain  
75007 Paris

Paris, July 5 2001

Re: CDC Funding Corporation.

Ladies and Gentlemen,

I am the Head of Legal and Tax Department of CDC Finance-CDC Ixis, a corporation organized under the laws of France (the "Guarantor"). The Guarantor is the indirect owner of 100% of the stock of CDC Funding Corporation, a corporation organized under the laws of the State of New York ("CDC Funding"). CDC Funding intends to enter into from time to time various financial and investment contracts and other financial agreements (the "Muni Program"). To induce parties to enter into Transactions (as hereafter defined) with CDC Funding, the Guarantor has agreed to guarantee all Obligations (as hereafter defined) of CDC Funding incurred under, arising out of, or in connection with, each Transaction pursuant to a guarantee of the Guarantor issued on July 1, 2001 (the "Guarantee"). For purposes hereof, the term "Transaction" shall mean any financial transaction, agreement or arrangement entered into by CDC Funding under its Muni Program. For purposes hereof, the term "Obligation" shall mean all present and future payment obligations and liabilities of CDC Funding arising from any Transaction, whether incurred by the CDC Funding directly, or as maker, endorser, drawer, acceptor, guarantor, accommodation party or otherwise, and whether due or to become due, secured or unsecured, absolute or contingent, joint or several.

For the purposes of this opinion, we have reviewed such matters of law as we have considered relevant and examined such agreements, documents, instruments and certificates as we have deemed necessary and appropriate for the purpose of rendering this opinion, including an executed counterpart of the Guarantee.

This opinion is confined and given on the basis and upon matters of the laws of France as in effect at the date hereof. We have not made any investigation of the laws of any jurisdiction outside of France as a basis for this opinion and do not express or imply any opinion with respect

to matters governed by, or to be determined on the basis of, any laws of any jurisdiction other than the laws of France. We have assumed that there is nothing in the laws of any jurisdiction or place outside France which affects this opinion.

In giving this opinion, we have assumed in relation to each Transaction referred to above that (a) all instruments, documents and agreements with respect thereto are within the capacity and power of, and have been or will be validly authorized, duly executed and delivered by the parties thereto other than the Guarantor and CDC Funding and (b) all such instruments, documents and agreements submitted to us as a copy or telecopy of specimen instruments, documents and agreements, or executed copies, conform to the originals.

Based on the foregoing and subject to the assumptions and qualifications stated below, we are of the opinion that :

1. The Guarantor is a corporation (*société anonyme*) duly organized and validly existing pursuant to the laws of France and duly licensed as a bank in France.
2. The Guarantor has the capacity to enter into the Guarantee.
3. The Guarantee has been duly authorized, executed and delivered by the Guarantor and no further authorization by any corporate action of the Guarantor is required in connection with the execution, delivery and performance of the Guarantee. The Guarantee is a valid and legally binding agreement of the Guarantor, enforceable against the Guarantor in accordance with its terms.
4. The execution, delivery and performance by the Guarantor of the Guarantee does not and will not violate the provisions of any presently applicable French law or regulation or, to the best of our knowledge, any applicable judgment, decree, injunction order or writ to which it is subject, the enforcement of any of which in any respect are reasonably likely to materially and adversely affect the Guarantor's business, property, assets, operations or condition, financial or otherwise or the Guarantor's ability to perform its obligations under the Guarantee.
5. There are no consents, approvals of, or licensing or authorizations of, or filings or registrations with, any French authority required of the Guarantor for the execution, delivery and performance of the Guarantee.
6. The Guarantor has validly submitted to the jurisdiction of the State and Federal courts in the City and State of New York with respect to any action in relation to any matter arising under the Guarantee, except that no opinion is expressed as to the subject matter jurisdiction of any such State or Federal Court to adjudicate any such action.
7. The choice of the laws of the State of New York to govern the Guarantee is valid under the laws of France and a French court would uphold such choice of law in any suit on the Guarantee brought in a French court, provided that the relevant content of such laws of the State of New York is duly proved in any such proceedings and is not held to be contrary to French international public policy (*ordre public*).
8. Any final and conclusive judgment for a fixed and definitive sum of a court of competent jurisdiction in the United States in respect of any suit, action or proceedings against the Guarantor with respect to the Guarantee would be enforced by the French courts by means

of an action for “*exequatur*”. A French court before which an action for *exequatur* is brought will not consider the merits of the judgment rendered by a foreign court, provided however that it may verify the following matters:

- (i) That the judgement was rendered by a body or person who had the ability to do so and that this judgment appears as a legally made judgment;
  - (ii) That the foreign court which rendered the judgment had jurisdiction according to French conflict of law rules, in which respect the French courts may consider:
    - that there is sufficient link between the facts of the case and such foreign court to justify the jurisdiction of the foreign court;
    - that no French court has exclusive jurisdiction over the case with regards to French rules of jurisdiction;
    - that no valid jurisdiction clause gave jurisdiction to another court than the foreign court;
    - that the foreign court judgment does not conflict with a French judicial decision which is *res judicata* and enforceable.
  - (iii) that the foreign court which rendered the judgment applied the proper law to the matter according to the French rules of conflict of law; and
  - (iv) that the procedure followed by the foreign court conformed to its procedural rules were consistent with principles of French international public policy, in which respect the French court may consider whether the proceedings were fundamentally fair (including as to due process);
  - (v) that the judgment is not contrary to French international public policy;
  - (vi) that the judgment of the foreign court was not obtained by means of fraud or with fraudulent intent.
9. At the present time, the payments under the Guarantee would not be subject under the laws of France or any political subdivision or any French taxing authority thereof to any withholding or similar charges or deductions.
10. The obligations of the Guarantor under the Guarantee rank at least equal in priority and in all other respects with its other unsecured, unsubordinated obligations.

With respect to paragraphs 7 and 8(v), we have no reason to believe that a French court would find a judgment based on obligations under the Guarantee contrary to French international public policy.

The opinions expressed above are subject to the following qualifications :

- (i) we express no opinion as to the availability of specific performance or injunctive relief, being equitable remedies, in respect of any of the obligations of the Guarantor as set out in the Guarantee ;
- (ii) the enforcement of the Guarantee is subject to all laws, decrees or regulations affecting the enforcement of the creditor rights generally which may be applicable ; and
- (iii) The Guarantor is directly owned by a public instrumentality (*établissement public à statut légal spécial*), la *Caisse des dépôts et consignations* (the “CDC”). Generally,

the issuance of guarantees by public instrumentalities like CDC may raise State aid issues. Indeed, certain State aid that affects trade between Member States is incompatible with the European common market except in certain circumstances where an exemption is or may be granted.

The CDC has granted a guarantee to the Guarantor on November 30, 2000 (the "CDC Guarantee") which would cover, inter alia, the payment obligations of the Guarantor under the Guarantee and is enforceable in accordance with its terms.

The European Commission Report on Competition Policy for the year 2000 (the "Report") states in paragraph 413, that the reorganization of the CDC group and the issue of the CDC Guarantee have been presented to it by CDC. The Report further states that the European Commission does not deem it necessary to take a position on the issues of the CDC Guarantee at the present time, particularly with respect to articles 87 and 88 of the EC Treaty relating to questions of State aid.

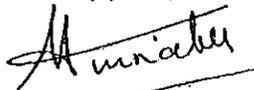
In any event, even if the CDC Guarantee or the Guarantee were found in the future to constitute State aid in breach of EC law, the European Commission has no power to declare the CDC Guarantee or the Guarantee unenforceable or null and void ; this is a matter to be examined under national law by the national courts which are in the case of such guarantees, the French courts. If it were proved before a French court that the CDC Guarantee or the Guarantee constitutes State aid, I believe that the French court in question would order the repayment of an amount deemed by it to constitute an unfair advantage received by the Guarantor or CDC Funding, as the case may be, rather than declare the CDC Guarantee or the Guarantee unenforceable or null and void.

However, even if the CDC Guarantee or the Guarantee were finally determined in the future to constitute State aid in breach of EC law, I believe that all outstanding Obligations of CDC Funding until the time that the guarantee was properly withdrawn would still benefit from the Guarantee.

We do not herein express any opinion as to any matters governed by any laws other than the laws of France and we do not hold ourselves out as expert on the laws of the State of New York or the United States of America.

This opinion is solely for the benefit of the parties to Transactions and may not be relied upon or used by or delivered to, any other person without our prior written approval. Notwithstanding the foregoing, the persons listed in Schedule I attached hereto are entitled to rely on this opinion as though the same were addressed to each of them.

Sincerely yours,



Alain Stinnakre  
CDC Finance-CDC Ixis  
Head of Legal and Tax Department

**Schedule I**

Standard & Poor's Ratings Services

Fitch Inc.

Moody's Investors Service, Inc.

CDC IXIS Capital Markets North America

**THIRD PARTY CUSTODIAN AGREEMENT**

\*\*\*\*\*

BY AND AMONG

STATE STREET BANK AND TRUST  
COMPANY,  
as Bond Trustee

AND

**CDC FUNDING CORP.**

AND

[ \_\_\_\_\_ ]

### THIRD PARTY CUSTODIAN AGREEMENT

THIS AGREEMENT, made and executed as of \_\_\_\_\_ among State Street Bank and Trust Company, as Bond Trustee (the "Trustee", which enters into this Third Party Custodian Agreement not in its individual capacity but as bond trustee under the Authorizing Document (as such term is defined in the Investment Agreement defined below)), CDC Funding Corp. ("Provider"), and \_\_\_\_\_ (the "Custodian").

#### WITNESSETH

WHEREAS, the Trustee and Provider have entered into an Investment Agreement dated as of the date hereof (the "Investment Agreement") pursuant to which, among other things, Provider has agreed to pledge certain Securities and/or cash to the Trustee to secure Provider's obligations under the Investment Agreement;

WHEREAS, the Trustee and Provider have requested the Custodian to hold any Securities and/or cash so pledged by Provider to the Trustee and to perform certain other functions in connection therewith, all as more fully set forth herein; and

WHEREAS, the Custodian has agreed to hold any Securities and/or cash so pledged by Provider to the Trustee in a custodial account established for the benefit of the Trustee as secured party pursuant to this Agreement and to perform certain other functions in connection therewith, all as more fully set forth herein;

NOW, THEREFORE, in consideration of the mutual promises set forth hereafter, the parties hereto agree as follows:

1. Security Requirements.

(a) Provider, to secure the prompt and complete payment and performance of its obligations under the Investment Agreement, has deposited with the Custodian certain Securities and/or cash, as more fully described in the initial confirmation or safekeeping receipt in respect of such deposit delivered by the Custodian to Provider and the Trustee, to be held by the Custodian in the Account pursuant to the provisions hereof. Provider hereby grants to the Trustee a pledge and security interest in and to all such Securities and/or cash and in any additional Securities and/or cash as may from time to time hereafter be deposited by Provider with the Custodian and held in the Account pursuant to the terms hereof. The pledge and security interest of the Trustee in and to any such Securities and/or cash shall terminate upon any transfer of such Securities and/or from the Account.

(b) Provider may substitute cash and/or different Securities for any Securities and/or cash previously deposited by Provider with the Custodian pursuant to this Agreement so long as such cash and/or different Securities have a Collateral Value equal to or greater than the Collateral Value of the Securities and/or cash to be replaced. The Custodian shall not have any obligation to determine whether any proposed substitute cash and/or Securities have such requisite Collateral Value. Provider shall be solely responsible for ensuring that any proposed substitute cash and/or Securities have such requisite Collateral Value. Except as expressly set forth in Section 2(c)(i) of this Agreement, the Custodian shall not have any obligation to determine the Collateral Value of any Securities and/or cash delivered, proposed to be delivered, withdrawn or proposed to be withdrawn hereunder. Provider shall give Written or Oral Instructions to the Custodian with respect to any proposed substitution of cash and/or Securities, including detailed information with respect to the Securities and/or cash to be delivered to and withdrawn from the Account. The Custodian shall act in accordance with all such Oral and Written Instructions.

(c) The Custodian assumes no responsibility to determine or monitor whether any of the Securities and/or cash originally deposited, or from time to time hereafter deposited, by Provider with the Custodian hereunder is or are eligible for such deposit under, or whether the Collateral Value of any thereof, singly or in the aggregate, meets the requirements of, the Investment Agreement. Any such determination regarding such eligibility for deposit and/or such sufficiency of Collateral Value shall be solely the responsibility of Provider. Subject to the provisions of Section 3 hereof, the Custodian shall be fully protected in relying on, and in acting on, the Written or Oral Instructions of either Provider or the Trustee directing the release any of any or all Securities and/or cash from the

Account to Provider. To the extent of any conflict in any such instructions of Provider and the Trustee, the instructions of the Trustee shall control and Provider shall hold the Custodian harmless for acting in accordance with such instructions of the Trustee.

## 2. Custody of Collateral

(a) Provider and the Trustee hereby appoint the Custodian as custodian of all Securities and/or cash at any time delivered to the Custodian pursuant to this Agreement. The Custodian hereby accepts appointment as such Custodian and agrees to establish and maintain the Account for holding such Securities and/or cash and appropriate records identifying such Securities and/or cash as pledged by Provider to the Trustee hereunder. The Account shall be kept separate and apart from the general and all other assets of the Custodian on the Custodian's books and records and shall not, under any circumstances, be commingled with or become part of the backing for any other deposit or liability of the Custodian or any other person or entity. The Custodian, in performing its duties and responsibilities pursuant to this Agreement, shall act as custodian for, and agent of, the Trustee.

(b) Provider and the Trustee agree that Securities delivered to the Custodian for deposit in the Account may be in the form of credits to the accounts of the Custodian at the Book-Entry System or a Depository or by delivery to the Custodian of physical certificates in a form suitable for transfer or with an assignment in blank to the Trustee or the Custodian. Provider and the Trustee hereby authorize the Custodian on a continuous and ongoing basis to deposit in the Book-Entry System and/or one or more Depositories any or all Securities that may be deposited therein and to utilize the Book-Entry System and/or one or more Depositories and the receipt and delivery of physical certificates or any combination thereof in connection with its performance hereunder. Securities credited to the Account and deposited in the Book-Entry System or Depositories or other financial intermediaries shall be represented in accounts of \_\_\_\_\_ (or such other person or entity as may from time to time be acting as Custodian hereunder) that include only assets held by \_\_\_\_\_ (or such other person or entity) for its customers, including, but not limited to, accounts in which \_\_\_\_\_ (or such other person or entity) acts in a fiduciary, agency or representative capacity. Securities that are not held in the Book-Entry System, Depositories or through another financial intermediary shall be held in the Custodian's vault and physically segregated from any other Securities and other non-cash property belonging to the Custodian.

(c) (i) The Custodian shall provide to the Trustee and Provider (and to such other persons or entities as either may reasonably designate in writing), promptly following the opening of business on each Valuation Date, a statement identifying all Securities and/or cash then held in the Account and the then Collateral Value thereof. The Custodian shall also promptly provide, upon request, to the Trustee and/or Provider a written confirmation in respect of any transfer of Securities and/or cash to and/or from the Account. Any such confirmation shall identify the specific cash and/or Securities that are the subject thereof and state the then Collateral Value thereof.

(ii) Provider agrees that it shall, and the Trustee may, promptly review any such statements or confirmations respectively provided to them and promptly advise the Custodian by Oral or Written Instruction (with a copy to the other party) of any error, omission or inaccuracy therein. In the event that the Custodian receives such an Oral or Written Instruction identifying a specific concern with respect to the Collateral Value of any Securities or any other matter connected with the Account, the Custodian shall undertake to correct any such error, omission or inaccuracy; provided that the Custodian agrees (after soliciting the views of the other party), in its sole good faith discretion, that such error, omission or inaccuracy actually occurred. Any such correction shall be reflected in a subsequent statement or confirmation.

(d) The Account shall not be subject to any security interest, lien or right of set-off by the Custodian.

(e) With respect to all Securities from time to time held in the Account, the Custodian by itself, or through the use of the Book-Entry System or the appropriate Depository, shall, unless otherwise instructed by Provider: (i) collect all income and any other payments on such Securities, whether representing principal, interest or otherwise, and credit such amounts to such account or accounts as Provider may from time to time direct; (ii) forward to Provider copies of all information or documents that it may receive from any issuer of any such Securities that, in the reasonable opinion of the Custodian, is intended for the beneficial owner of such Securities, including, without limitation, all proxies and other authorizations properly executed and all proxy statements, notices and reports; (iii) execute, as the Custodian, any certificates of ownership, affidavits, declarations or other

certificates under any tax laws now or hereafter in effect in connection with the collection of any payments on any of such Securities; (iv) hold directly, or through the Book-Entry System or one or more Depositories, all rights issued with respect to any such Securities held by the Custodian hereunder; and (v) upon receipt of Written Instructions from Provider, to the extent possible, exchange any such Securities held hereunder for other Securities and/or cash in connection with (a) any conversion privilege, reorganization, recapitalization, redemption in kind, consolidation, tender offer or exchange offer, or (b) any exercise, subscription, purchase or other similar right.

### 3. Events of Default

In the event that the Trustee delivers a Notice of Default to the Custodian, the Custodian shall notify Provider of its receipt of such Notice of Default. If the Custodian receives a written notice (a "Notice of Dispute") from Provider disputing the Notice of Default by the close of business on the day Provider receives a copy of such Notice of Default (or by the close of business on the following Business Day if Provider receives a copy of such Notice of Default on a day other than a Business Day or after 12:00 noon, New York City time, on a Business Day), the Custodian shall continue to hold all Securities and/or cash in the Account until otherwise instructed in writing by the Trustee and Provider jointly or ordered by an order or decree of a court of competent jurisdiction. So long as the Custodian has not received such a Notice of Dispute within such period, the Custodian shall act in accordance with the instructions of the Trustee with respect to its rights pursuant to the Investment Agreement, including, without limitation, pursuant to Section 8.2 thereof and Section 7 of Part II.A of Exhibit A thereto, and further including the right unilaterally to demand delivery of any or all Securities and/or cash in the Account by Written Instructions to the Custodian and to sell any Securities included therein at public or private sale, all to satisfy the obligations of Provider to the Trustee under the Investment Agreement. In the event of any such sale, the Trustee, after deducting all its costs and expenses, including reasonable attorneys fees and expenses, incurred in connection therewith from the proceeds of such sale, shall apply the remainder towards the obligations of Provider to the Trustee under the Investment Agreement and shall return the surplus, if any, to Provider. Subject to the foregoing, the Custodian may fully rely without further inquiry on any statements set forth in any Notice of Default.

### 4. Representation and Warranties

(a) Representations of Provider. Provider represents and warrants, which representations and warranties shall be deemed to be continuing, that:

- (1) this Agreement has been legally and validly entered into by it, does not and will not violate any statute or regulation applicable to it and is enforceable against Provider in accordance with its terms;
- (2) it is the legal and actual owner, free and clear of all liens and claims, of all Securities and/or cash from time to time pledged pursuant to this Agreement;
- (3) all Securities and/or cash held by the Custodian hereunder are eligible to secure Provider's obligations under, and the Collateral Value of such Securities and/or cash at all times meets the requirements of, the Investment Agreement;
- (4) all acts, conditions and things required to exist, happen or to be performed on its part precedent to and in the execution and delivery of this Agreement exist or have happened or have been performed.

(b) Representations of the Trustee. In reliance on the determination of the Issuer (as defined in the Investment Agreement) that the Investment Agreement, including this related Agreement, constitutes a permitted "Investment Obligation" under the Authorizing Document (as defined in the Investment Agreement), and the Issuer's direction to enter into this Agreement, the Trustee hereby represents and warrants, which representations and warranties shall be deemed to be continuing, that:

- (1) this Agreement has been legally and validly entered into by it, does not and will not violate any statute or regulation applicable to it and is enforceable against the Trustee in accordance with its terms;
- (2) the appointment of the Custodian has been duly authorized and no other action by the Trustee is required and this Agreement was executed by an officer of the Trustee authorized to do so;
- (3) it will not transfer, or assign its interests in or its rights with respect to, any Securities and/or cash pledged pursuant to this Agreement except as authorized pursuant to Section 3 of this Agreement;
- (4) all acts, conditions and things required to exist, happen or to be performed on its part precedent to and in the execution and delivery of this Agreement exist or have happened or have been performed.

(c) Representations of the Custodian. The Custodian hereby represents and warrants, which representations and warranties shall be deemed to be continuing, that:

- (1) this Agreement has been legally and validly entered into by it, does not and will not violate any statute or regulation applicable to it and is enforceable against the Custodian in accordance with its terms;
- (2) it is a [New York trust company] with its principal office at \_\_\_\_\_, and a "securities intermediary" as defined in Section 8-102 of the UCC;
- (3) it is a "participant" in the Book-Entry System and maintains a book-entry securities account with FRBNY and each Depository in which it holds Securities hereunder;
- (4) all acts, conditions and things required to exist, happen or to be performed on its part precedent to and in the execution and delivery of this Agreement exist or have happened or have been performed.

#### 5. Concerning the Custodian

(a) The Custodian shall not be liable for any loss, damage, claim or expense, including counsel fees, resulting from its action or omission to act or otherwise, except for any loss, damage, claim or expense arising out of its own negligence or willful misconduct, and it shall have no obligation hereunder for any loss, damage, claim or expense, including counsel fees, which are sustained or incurred by reason of any action or inaction by the Book-Entry System or any Depository. In no event shall the Custodian be liable to the Trustee, Provider or any third party for special, indirect or consequential damages, or lost profits or loss of business, arising in connection with this Agreement. The Custodian may, with respect to questions of law, apply for and obtain the advice and opinion of competent counsel and shall be fully protected with respect to anything done or omitted by it in good faith and conformity with such advice or opinion. Provider agrees to indemnify the Custodian and to hold it harmless against any and all costs, expenses, damages, liabilities or claims, including reasonable fees and expenses of counsel, which the Custodian may sustain or incur or which may be asserted against the Custodian by reason of or as a result of any action taken or omitted by the Custodian in connection with operating under this Agreement except those costs, expenses, damages, liabilities or claims arising out of the negligence or willful misconduct of the Custodian or any of its employees or duly appointed agencies. This indemnity shall be a continuing obligation of Provider notwithstanding the termination of this Agreement.

(b) The Custodian shall not be responsible for, or considered to be the Custodian of, any Securities and/or cash received by it for deposit in the Account until the Custodian actually receives and collects such Securities and/or cash directly or by the final crediting of the Custodian's account on the books of the Book-Entry System or the appropriate Depository. The Custodian shall be entitled to reverse any credits made on the Trustee's behalf where such credits have been previously made and such Securities and/or cash is not finally collected.

(c) The Custodian shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement and no covenant or obligation shall be implied against the Custodian in connection with this Agreement.

(d) The Trustee's and Provider's authorized officers and agents, upon reasonable notice, shall have access to the Custodian's books and records maintained with respect to the Account during the Custodian's normal business hours. Upon the reasonable request of either the Trustee or Provider, copies of any such books and records shall be provided by the Custodian to such party or such party's authorized officer or agent at such party's expense.

(e) The Custodian may enter into subcontracts, agreements and understandings, whenever and on such terms and conditions as it deems necessary or appropriate, to perform its services hereunder; such subcontracts, agreements and understandings may be with third parties and may be with other subsidiaries of \_\_\_\_\_ or any successor thereto (or with any affiliates of such other person or entity as may from time to time be acting as Custodian hereunder) or with other persons and/or entities not a party hereto. No such subcontract, agreement or understanding shall discharge the Custodian from any of its obligations hereunder.

(f) Reliance on Pricing Services. The Custodian is authorized to utilize any generally recognized pricing information service (including brokers and dealers of Securities) in order to perform its valuation responsibilities hereunder, and Provider and the Trustee agree to hold the Custodian harmless from and against any losses incurred as a result of errors or omissions of any such pricing information service, broker or dealer.

(g) The Custodian shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God, earthquakes, fires, floods, wars, civil or military disturbances, sabotage, epidemics, riots, loss or malfunctions of utilities, computer (hardware or software) or communications service, labor disputes, acts of civil or military authority, or governmental, judicial or regulatory action; provided, however, that the Custodian shall use its best efforts under the circumstances to resume normal performance as soon as practicable.

## 6. Termination

Any of the parties hereto may terminate this Agreement by giving to the other parties a notice in writing specifying the date of such termination, which shall be the earlier of (i) not less than 90 days after the date of giving such notice or (ii) the date on which the obligations of Provider under the Investment Agreement are repaid in full. Such notice shall not affect or terminate the Trustee's security interest in and to any Securities and/or cash in the Account. Upon termination hereof, the Custodian shall follow the reasonable Written Instructions of Provider and the Trustee concerning the transfer of custody of the Securities and/or cash in the Account, records relating thereto and other items. Upon the date set forth in the termination notice, custody of all Securities and/or cash having been transferred in accordance herewith, this Agreement shall terminate except as otherwise provided herein and all obligations of the parties to each other hereunder shall cease.

## 7. Miscellaneous

(a) Each of the Trustee and Provider agrees to furnish to the Custodian a new Certificate in respect of itself in the event that any of its present Authorized Persons ceases to be such an Authorized Person or in the event that any other Authorized Persons for it are appointed and authorized. Until any such new Certificate is received, the Custodian shall be fully protected in acting upon the Oral or Written Instructions or signatures of the present Authorized Persons.

(b) The Custodian shall be entitled to rely upon any Certificate and any Written or Oral Instruction actually received by the Custodian and reasonably believed by the Custodian to be duly authorized and delivered. Each of Provider and the Trustee agrees to forward to the Custodian Written Instructions confirming any Oral Instructions given by it in such manner so that such Written Instructions are received by the Custodian by the close of business of the same day that such Oral Instructions are given to the Custodian. Each of Provider and the Trustee agrees that the fact that such confirming Written Instructions are not received or that contrary instructions are received by the Custodian shall in no way affect the validity or enforceability of any transactions previously authorized and effected by the Custodian.

(c) Any Written Instructions or other instrument in writing authorized or required by this Agreement shall be given to the Custodian and shall be sufficiently given if sent to the Custodian by regular mail to its offices at \_\_\_\_\_, or at such other place as the Custodian may from time to time designate in writing.

(d) Any notice or other instrument in writing authorized or required by this Agreement to be given to Provider shall be sufficiently given if sent to Provider by regular mail to its offices at 9 West 57<sup>th</sup> Street, New York, New York 10019, or at such other place as Provider may from time to time designate in writing.

(e) Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Trustee shall be sufficiently given if sent to the Trustee by regular mail to its offices at Corporate Trust Department, 6<sup>th</sup> Floor, 2 Avenue de Lafayette, Boston, MA 02111-1724 Attn: Allison Dellabella Nadeau, or at such other offices as the Trustee may from time to time designate in writing.

(f) In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and unenforceability of the remaining provisions or obligations shall not in any way be affected or impaired thereby and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.

(g) This Agreement may not be amended or modified in any manner except by written agreement executed by all of the parties hereto.

(h) This Agreement shall extend to and be binding upon the parties hereto, and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by any party without the written consent of the other parties, except that any successor to the Trustee as bond trustee under the Authorizing Document (as such term is defined in the Investment Agreement) shall be considered a successor in interest to the Trustee with respect to this Agreement without the necessity of obtaining the prior written consent of Provider or Custodian.

(i) This Agreement shall be construed in accordance with the substantive laws of the State of New York, without regard to conflicts of laws principles thereof. Provider, the Trustee and the Custodian hereby consent to the jurisdiction of a state or federal court situated in New York City, New York in connection with any dispute arising hereunder. Provider, the Trustee and the Custodian hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such proceeding brought in such a court and any claim that such proceeding brought in such a court has been brought in an inconvenient forum. Provider, the Trustee and the Custodian each hereby irrevocably waives any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement.

(j) Trustee Status. The Trustee represents and warrants that it serves as Bond Trustee under the Authorizing Document (or such term is defined in the Investment Agreement). The Trustee enters into this Agreement not in its individual capacity but as Bond Trustee under the Authorizing Document at the direction of the Massachusetts Water Pollution Abatement Trust, an instrumentality of the Commonwealth of Massachusetts organized and existing under the laws of the Commonwealth of Massachusetts, as the Issuer.

8. Definitions.

Whenever used in this Agreement the following terms shall have the following meanings:

- (a) "Account" shall mean the custodial account established with the Custodian for the benefit of the Trustee as secured party in accordance with this Agreement and, for such purpose, the Account shall be deemed to be a "securities account" within the meaning of the UCC. For purposes of this Agreement, the Account shall include any account for the deposit of cash in connection therewith.
- (b) "Authorized Person" shall mean any person, whether or not any such person is an officer or employee of the Trustee or Provider, as the case may be, duly authorized to give Oral Instructions and Written Instructions on behalf of the Trustee or Provider, such persons and their specimen signatures to be designated in the Certificate, as the Certificate may be amended from time to time.
- (c) "Book Entry System" shall mean the Federal Reserve/Treasury Book-Entry System for receiving and delivering Securities maintained therein, its successors and nominees
- (d) "Business Day" shall mean any day on which Provider, the Custodian, the Trustee and either FRBNY or the relevant Depository (as necessary for the particular transaction involved) are open for business.
- (e) "Certificate" shall mean the Certificate attached hereto as Exhibit "A".
- (f) "Collateral Value" shall mean, with respect to any cash or security held in the Account as at any time, in the case of (i) cash, the amount thereof at such time; or (ii) a security, the closing bid price of such security on the Business Day immediately preceding such time as reported in The Wall Street Journal (or such other source mutually agreed upon by the Trustee, CDCFC and the Custodian), (plus any accrued but unpaid interest or other earnings thereon to the extent not included in such reported closing bid price), or, in the event that such closing bid price has not been so reported by such time, the market value of such security as at such time (including any accrued but unpaid interest or other earnings thereon) as otherwise reasonably determined by the Custodian (and as any such amount may from time to time be adjusted by the Custodian in response to any objection to any such determination thereof by either Provider or the Trustee in accordance with the provisions hereof).
- (g) "Depository" shall mean any clearing agency or securities depository in the United States (including but not limited to The Depository Trust Company) registered with the Securities and Exchange Commission or otherwise authorized pursuant to applicable law to act as a securities depository or clearing agency.
- (h) "FRBNY" shall mean the Federal Reserve Bank of New York.
- (i) "Notice of Default" shall mean a written notice delivered by the Trustee to the Custodian and Provider declaring that an Event of Default shall have occurred and be continuing under the Investment Agreement (setting forth the specific Event of Default thereunder) and that, if there is at such time a Guaranty (as defined in the Investment Agreement), a default shall have occurred and be continuing by the Guarantor (as defined in the Investment Agreement) under such Guaranty.
- (j) "Oral Instructions" shall mean verbal instructions actually received by the Custodian from an Authorized Person or from a person reasonably believed by the Custodian to be an Authorized Person.
- (k) "Securities" shall include, without limitation, securities held in the Book-Entry System or at a Depository, common stock and other equity securities, bonds, debentures and other debt securities, notes, mortgages or other obligations, and any instruments representing rights to receive, purchase, or subscribe for the same, or representing any other rights or interests therein.
- (l) "UCC" shall mean the Uniform Commercial Code of the State of New York (as may be amended from time to time).

(m) "Valuation Date" shall mean Tuesday of each week, or such other day as shall be agreed upon by the parties, on which the Custodian shall perform certain services in accordance with Section 2(c)(i) hereof, provided however, that if such day is not a Business Day, then the next succeeding Business Day.

(n) "Written Instructions" shall mean written communications actually received by the Custodian from an Authorized Person or from a person reasonably believed by the Custodian to be an Authorized Person by a computer, telex, telecopier or any other system whereby the receiver of such communications is able to verify by codes or otherwise with a reasonable degree of certainty the identity of the sender of such communication.

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

**STATE STREET BANK AND TRUST COMPANY**  
In its capacity as Bond Trustee under  
the Authorizing Document

**CDC FUNDING CORP.**

By: \_\_\_\_\_

Title:

By: \_\_\_\_\_

Title:

By: \_\_\_\_\_

Title:

[ \_\_\_\_\_ ]

By: \_\_\_\_\_

Title:

**EXHIBIT A**

**CERTIFICATE OF AUTHORIZED PERSONS  
(The Trustee - Oral and Written Instructions)**

The following individuals have been designated as Authorized Persons of State Street Bank and Trust Company, as Bond Trustee (the "Trustee") in connection with the Third Party Custodian Agreement among the Trustee, CDC Funding Corp. ("Provider") and the Custodian dated as of \_\_\_\_\_:

_____	_____
Name	Signature
_____	_____
Name	Signature
_____	_____
Name	Signature
_____	_____
Name	Signature
_____	_____
Name	Signature
_____	_____
Name	Signature
_____	_____
Name	Signature
_____	_____
Name	Signature
_____	_____
Name	Signature

Provider has previously delivered to the Custodian a Schedule of Authorized Persons with specimen signatures which shall remain in full force and effect until replaced in writing by Provider.