CLIFFORD
CHANCE
ROGERS & WELLS LLP

100664/00005 February 16, 2000

The Bond Market Association
40 Broad Street
New York, New York 10004

Dear Sirs:

We have acted as special New York counsel to The Bond Market Association ("**TBMA**") in connection with the Cross-Product Master Agreement published by TBMA and other Publishing Associations on the date hereof (the "**Agreement**"), including the schedule thereto (the "**Schedule**"). You have requested our opinion as to the enforceability of the Agreement (including Parts I through VI and Part VII.3 of the Schedule) and certain related matters under the laws of the State of New York ("**New York law**") and the Federal laws of the United States of America. Unless otherwise defined herein, terms defined in the Agreement are used herein as defined therein.

In connection with our opinion set forth herein, we have, with your consent, assumed that:

(i) The Agreement is governed by New York law or the laws of England and Wales ("**English law**").

(ii) The Agreement has been duly authorized, executed and delivered by each party (a "**Party**") to the Agreement, and each Party is duly organized and validly existing under the laws of its jurisdiction of organization and has full power, authority and legal right to make and perform its obligations thereunder.

(iii) (a) Parts I through VI of the Schedule have been properly completed by both Parties; (b) no substantive modifications have been made by the Parties to the Agreement except for completion of Parts I through VI of the Schedule; (c) if the optional provisions contained in Part VII.3 of the Schedule are applicable, no substantive modifications have been made to such provisions (and the bracketed language in paragraph 3.1 thereof has been deleted); and (d) the provisions relating to jurisdiction, waiver of immunities, waiver of trial by jury and appointment of process agent

contained in Part IV of the Schedule are comparable in all material respects to the provisions relating to such matters contained in the 1997 International Foreign Exchange Master Agreement.

(iv) The Agreement, each Principal Agreement, and each transaction under each Principal Agreement are entered into by each Party acting as principal thereunder.

(v) Each Principal Agreement and each transaction thereunder constitutes a legal, valid and binding obligation of the Parties.

(vi) The Closing-Out Party will act in good faith and in a commercially reasonable manner in the exercise of the rights granted to it under the Agreement.

(vii) The interest rates applied in accordance with Section 4.5 of the Agreement will not exceed amounts permissible under applicable law nor otherwise be unenforceable as a penalty.

Based upon the foregoing and subject to the comments and qualifications set forth below, we are of the opinion that:

(1) If the Parties have entered into an Agreement that is governed by New York law, that Agreement will constitute a legal, valid and binding obligation of each Party enforceable against such Party in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium or other similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(2) The foregoing opinion would not change if the Parties have agreed to the optional provisions contained in Part VII.3 of the Schedule.

(3) (a) If the Parties have entered into an Agreement that is governed by English law, a court of the State of New York ("**New York**") would uphold English law as the law by and in accordance with which the Agreement is to be governed, construed and interpreted, if the Agreement has a reasonable relationship to England and except to the extent that any provision of English law applicable to the Agreement violates an important public policy of New York.

(b) A judgment rendered in England and Wales, which is a "foreign country judgment" as defined in Section 5301(b) of the State of New York's Civil Practice Law and Rules ("**CPLR**"), and which is final, conclusive and enforceable in England and Wales, is enforceable in New York in accordance with Section 5303 of the CPLR, even though an appeal therefrom is pending or is subject to appeal, except as provided in Section 5304 of the CPLR.

Our opinions set forth above are subject to the following qualifications and limitations:

(i) As to the choice of New York or English law to govern the Agreement, we note that under New York law a contract's designation of the law of a state that is to govern disputes arising from the contract is determinative, if the transaction has a reasonable relationship to the state selected. *Culbert v. Rols Capital Co.*, 585 N.Y.S.2d 67, 67-68 (App. Div. 2d Dep't 1992); *Marine Midland Bank N.A. v. United Missouri Bank N.A.*, 643 N.Y.S.2d 528 (App. Div. 1st Dep't 1996); *Zerman v. Ball*, 735 F.2d 15, 19-20 (2d Cir. 1983); *Hawes Office Systems, Inc. v. Wang Laboratories, Inc.*, 537 F. Supp. 939, 941-942 (E.D.N.Y. 1982). Further, as to the choice of New York law to govern the Agreement, Section 1-105 of the New York Uniform Commercial Code provides that when a transaction bears a reasonable relation to New York and also to another State of the United States or nation, the parties may agree that either New York law or the law of such other State or nation shall govern their rights and duties. N.Y.U.C.C. §1-105. Section 5-1401 of the New York General Obligations Law allows the parties to any agreement (other than those agreements explicitly excluded by Section 5-1401), contingent or otherwise, relating to an obligation arising out of a transaction covering in the aggregate not less than U.S.$250,000, to agree that New York law will govern their rights and duties under such agreement, whether or not such agreement bears a reasonable relation to New York. N.Y. Gen. Oblig. Law §5-1401. Therefore, if the Parties have agreed that the Agreement will be governed by New York law, New York state courts would apply New York law to determine any dispute arising out of the Agreement, if the Agreement bears a reasonable relationship to New York or if the Agreement relates to transactions covering in the aggregate at least U.S.$250,000. A Federal court with jurisdiction over a dispute based on diversity jurisdiction and sitting in New York would apply the foregoing New York choice of law rules. *Klaxon Co. v. Stentor Electric Manufacturing Co.*, 313 U.S. 487, 496 (1941).

(ii) We express no opinion as to Part IV of the Schedule, insofar as Part IV relates to (a) the jurisdiction of the courts of England and Wales; (b) the subject matter jurisdiction of Federal courts located in New York; and (c) the waiver of inconvenient forum insofar as such provision relates to proceedings in the courts of England and Wales or Federal courts located in New York.

(iii) We wish to point out that to the extent Part IV of the Schedule provides for a waiver of immunities, such waiver is subject to the limitations imposed by the United States Foreign Sovereign Immunities Act of 1976, as amended.

(iv) Under the Agreement, the Parties may select a Base Currency other than U.S. dollars for payment of the Settlement Amounts and the Final Net Settlement Amount. We note that, generally, all judgments and decrees rendered by a Federal or state court sitting in New York are denominated in U.S. dollars. Under Section 27 of the New York Judiciary Law, however, a state court in New York rendering a judgment on the Agreement would be required to render such judgment in the Base Currency, and such judgment would be converted into U.S. dollars (if the Base Currency is a currency other than U.S. dollars) at the exchange rate prevailing on the date of entry of the

judgment. N.Y. Judiciary Law §27(b). A Federal court sitting in New York with diversity jurisdiction over a dispute arising under the Agreement would apply the foregoing New York rule. *Vishipco Line v. The Chase Manhattan Bank*, 660 F. 2d 854, 865 (2d Cir. 1981); *Competex, S.A. v. Labow*, 783 F. 2d 333, 339 (2d Cir. 1986).

We are also separately delivering to you our opinion, dated the date hereof, with respect to the treatment of the Agreement under the Federal Deposit Insurance Corporation Improvement Act of 1991.

We are members of the bar of New York and we express no opinion herein as to any matters governed by any laws other than New York law and the Federal laws of the United States of America. This opinion is rendered solely to TBMA for the benefit and use of its members in connection with the Agreement. This opinion may not be relied upon for any other purpose, or quoted or relied upon by any other person, firm or corporation for any purpose, without our prior written consent.

Very truly yours,

Clifford Chance Rogers & Wells LLP