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For the attention of: Kimberly Summe, General Counsel

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Ladies and Gentlemen,

2005 CDS Index Protocol

We have acted as your counsel as to matters of the laws of the State of New York in connection with the 2005 CDS Index Protocol (the **Protocol**) that you (**ISDA**) are publishing today. Capitalized terms used in this letter without definition have the meanings given to those terms in the Protocol.

The Protocol has been developed, following the occurrence of a credit event in relation to Collins & Aikman Products Co., to enable parties to a Covered Index Transaction to amend the Covered Index Transaction to provide for cash settlement in accordance with the terms set out in the Protocol.

This opinion relates only to affected Index Documentation governed by the laws of the State of New York and is confined to matters of the laws of the State of New York.

1. The Protocol

The Protocol provides a mechanism, using standardized counterparts, by which an Adhering Party may effect multiple bilateral agreements with other Adhering Parties, each bilateral agreement amending each Covered Index Transaction, and the related Index Documentation, between the Adhering Party and each other Adhering Party.

By executing and delivering to ISDA an Adherence Letter on or before the Cut-off Date, a party may adhere to the Protocol, whether that party has already entered into a Covered Index Transaction or anticipates entering into a Covered Index Transaction in the future. The Adherence Letter must be substantially in the form attached as an exhibit to the Protocol, and it appoints ISDA as the relevant Adhering Party's agent for the limited purposes of the Protocol. A party may not specify additional provisions, conditions or limitations in its Adherence Letter or otherwise. ISDA, as agent, may

determine in good faith that a purported adherence that is not in compliance with Section 2 of the Protocol is void.

In order to adhere to the Protocol, a party is required to deliver to ISDA both a manually signed original Adherence Letter and a conformed copy. ISDA intends to display electronically on its website a record, as well as a conformed copy, of each Adherence Letter it receives.

Where two parties submit qualifying Adherence Letters, they agree that certain amendments will be deemed to be made to each Covered Index Transaction, and the related Index Documentation, entered into between them, whether or not the Covered Index Transaction is in existence at that time.

Adherence to the Protocol is open until the Cut-off Date. The Cut-off Date is June 3, 2005. A party's adherence, once effective, is expressed in Section 5(c) of the Protocol to be irrevocable except that, by subsequently delivering a qualifying notice, the party may designate an Earlier Cut-off Date as the last date on which any counterparty may adhere to the Protocol in respect of any Covered Index Transaction then or in the future between them. ISDA, as agent, may determine in good faith that a purported revocation that is not in compliance with Section 5(c) of the Protocol is void.

2. Analysis

We believe that, in respect of any two Adhering Parties, the mechanism contemplated by the Protocol is effective under New York principles of contractual formation whether the Adhering Parties have already entered into a Covered Index Transaction or they intend to do so in the future. In either case, the Adhering Parties agree that certain amendments will be deemed to be made to each Covered Index Transaction between them and the related Index Documentation.

Where the parties have entered into a Covered Index Transaction prior to the later of the two parties adhering to the Protocol, the Protocol operates as a mutually agreed amendment to their existing contractual arrangements. Helpful support for the mechanism contemplated by the Protocol is provided by the Governing ISDA Master itself, since it expressly contemplates that it may be amended and supplemented from time to time. Its modular architecture provides an open-ended framework to facilitate the ongoing trading relationship of the parties. Section 9(b) of the Governing ISDA Master provides that an amendment to, or modification of, the agreement may be made if it is in writing, and Section 9(e) contemplates amendments and modifications that are executed and delivered in counterparts.

If, however, the Adhering Parties have not yet entered into a Covered Index Transaction, there is nothing to prevent them from entering into an agreement, such as that contemplated by the Protocol, subject to the condition that it takes effect in the future upon entry into a Covered Index Transaction. The Governing ISDA Master itself works in this way in that it sets out a set of standard terms to govern not only Transactions (as defined in the Governing ISDA Master) existing between them at the time of entry into the Governing ISDA Master but also those entered into subsequently. Clearly in the latter case, the terms of the Governing ISDA Master only take effect in relation to each subsequent Transaction once it comes into force.

The procedure contemplated by the Protocol is clearly founded, in our view, on the traditional doctrine of offer and acceptance. The delivery by a party of an Adherence Letter to ISDA is both an effective offer to each market participant who has yet to adhere to the Protocol and an effective acceptance of the offer made by each other market participant (if any) who has already adhered at that time, in each case on the terms and subject to the conditions of the Protocol. The Protocol is, in our view, sufficiently clear and certain as to its operation as between any two Adhering Parties that it operates as a valid bilateral contractual amendment between those Adhering Parties. The fact that this occurs in the context of a reasonably elaborate multilateral mechanism does not, in our view, affect the validity of the offer or acceptance as between each pair of Adhering Parties.

3. **Opinion**

On the basis of the foregoing, having regard to such legal considerations as we deem relevant and subject to the assumptions set out below, we are of the opinion that:

- (1) the delivery to ISDA of an Adherence Letter before the Cut-off Date by each of two parties who:
 - (a) are then parties to a Covered Index Transaction; or
 - (b) enter into a Covered Index Transaction following adherence to the Protocol;

in each case on the terms set out in the Protocol, will be sufficient under the laws of the State of New York to effect an agreement between the parties amending the terms of the Covered Index Transaction and the related Index Documentation in accordance with the terms of the Protocol;

- (2) adherence to the Protocol by two parties will result in such amendments to such Covered Index Transaction and the related Index Documentation only in relation to the Covered Index Transaction and only to the extent set out in the Protocol, and such amendments will not otherwise affect the relevant Governing ISDA Master or the terms of any Transaction entered into under that Governing ISDA Master other than a Covered Index Transaction; and
- (3) the limited ability of a party to revoke its adherence to the Protocol in accordance with the procedures set out in Section 5(c) of the Protocol would be recognized under the laws of the State of New York.

4. **Assumptions**


This opinion is given subject to the following assumptions:

- (1) each Adhering Party is able lawfully to enter into each Covered Index Transaction and the related Index Documentation, its entry into the Covered Index Transaction and the related Index Documentation is duly authorized, and the Covered Index Transaction and related Index Documentation constitute legal, valid and binding obligations of the Adhering Party;
- (2) each Adhering Party is able lawfully to adhere to the Protocol on the terms set out in the Protocol, its adherence to the Protocol is duly authorized and each Adherence Letter and any Revocation Notice have been properly completed and delivered to ISDA in accordance with the terms of the Protocol, including delivery of an Adherence Letter substantially in the form attached as an exhibit to the Protocol;
- (3) the Protocol reflects correctly the commercial intentions of each Adhering Party;
- (4) as between any two Adhering Parties, the later of them to adhere does so prior to the formal commencement of insolvency or reorganisation proceedings against either of them; and
- (5) insofar as performance in any jurisdiction outside of the State of New York is contemplated, such performance will not be illegal or invalid by virtue of the laws of that jurisdiction.

This opinion is rendered solely to ISDA for distribution to its members and each other party adhering to the Protocol. This opinion may not be distributed to any other person without our prior written consent, except that we consent to ISDA including a copy of this opinion on the "2005 CDS Index Protocol" section of its website for information purposes only. This opinion may also be shown by an ISDA member or another

party adhering to the Protocol to a competent regulatory authority for such person for information purposes only, on the basis that we assume no responsibility to such authority or any other person as a result or otherwise.

Yours faithfully,


Allen & Overy LLP