Example Guidelines and Process for Issuing In-House Legal Opinions

These guidelines and associated materials are for use by all attorneys when an in-house legal opinion is required in connection with a transaction.

It is always preferable to avoid issuing an opinion at all, but it cannot always be avoided. It is the companyís preference to have any required opinions be issued by outside counsel. However, it is often appropriate and more efficient for in-house counsel to provide required opinions where in-house counsel is uniquely positioned due to knowledge of the company. The in-house opinion letter should not contain any opinions that duplicate opinions given by outside counsel regarding the same transaction. Some opinions, such as ìtrue saleî, ìnon-consolidationî, UCC, title and tax-related opinions should only be given by outside counsel.

Attorneys must follow the process outlined in the attached process chart.

Legal opinions may only be given by the general counsel or an attorney specifically authorized by the general counsel. It is anticipated that the general counsel will provide most opinions. However, he may designate that certain opinions such as those covering regulatory matters or the laws of a state in which he is not admitted to practice be given by another company attorney with more knowledge regarding those matters or those applicable laws. In any event, the general counsel will rely on the experience and knowledge of other attorneys working on the particular matter when rendering his opinions.

Each opinion must be reviewed by a member of the opinion committee in addition to the issuing attorney. The opinion committee is comprised of the general counsel, associate general counsel for the corporate group, the corporate secretary, and senior attorneys supporting the Treasury Department.

In-house opinion letters are most often requested in association with credit agreements and securities issuances. Form opinion letters for those areas are attached to these guidelines. The general counsel must approve any significant variances from the form opinions before such variances are accepted. This rule applies even if the variance has been allowed in a previous opinion. The attached forms are tools to be used in the process of preparing a legal opinion. However, any final opinion must reflect ascertainment of all relevant facts and application of those facts to the applicable laws. The forms are based upon experience of committee members, standards published by the Business Law Section of the American Bar Association and the Tri Bar Opinion Committee, and other published legal opinion material.

These forms are drafted as ìissuer-friendlyî forms and should not necessarily be used as templates for the acceptable contents of opinions being received by the company. However, it is customary in opinion practice to require no more broad or narrow an opinion than one is willing to deliver or accept.

Opinions may only be given by attorneys who are active members of the bar (i.e.

admitted and current in CLE and generally informed on legal matters in the jurisdiction) of the state whose law is the subject of the opinion. Some opinions do not reference the law of any state, but refer only to the ìThe General Corporation Law of the State of Delawareî, ìthe Laws of the United States of Americaî, etc.î Such opinions can be given by attorneys with the requisite knowledge. It is contrary to our policy to assume that the laws of the state whose law is the subject of the opinion are the same as the law of a state where the opinion-giver is admitted. However, it may be possible to render an opinion based on an assumption that the law of a state where the opinion-giver is admitted applies notwithstanding a different choice of law. A company general counsel opinion may refer to states in which the opinion-giver is not admitted to practice, in reliance on review by other attorneys admitted to practice in such states. As a practical matter, on occasion and with the consent of the opinion recipient, the company general counsel opinion may address routine matters governed by the laws of a state in which neither the opinion-giver nor another attorney working on the matter is admitted, where the company has a history dealing with such matter and has in the past received guidance from counsel admitted in such state.

Only deliver one signed original opinion letter for each addressee.

The attorney who delivers the opinion should sign the opinion in his or her own name and not in the name of the Legal Department. This is because Legal Department is not a lawyer or law firm and thus lacks the professional standing required to deliver a legal opinion.

The attorney rendering the opinion has a duty of care to exercise the competence and diligence normally exercised by lawyers in similar circumstances. The scope and nature of the work an opinion-giver is expected to perform are based on customary practice. Although the general counsel signs most opinion letters, he relies on the assistance of attorneys and other members of the Legal Department and in some cases obtains certificates from officers of the relevant entities regarding factual matters underlying the opinions.

The attorneys assisting the opinion-giver must conduct the investigation necessary to give the opinion and ensure that any supporting material relied upon in the investigation are kept in physical and electronic backup files. Physical opinion backup files are maintained by paralegals supporting the corporate finance and securities attorneys. These paralegals are also responsible for ensuring that electronic versions of such files are promptly scanned into the companyís document management system and associated with the appropriate matter number in the companyís matter management system. If the material relied upon is already kept in the document management system or the closing books associated with the transaction, it is acceptable for the opinion file to merely identify such material and reference its location. Except in unusual circumstances, it is not necessary to create a memorandum supporting a legal opinion.

EXAMPLE IN-HOUSE LEGAL OPINION PROCESS FLOW-CHART

In transactions that require one or more legal opinions to be delivered, the following process should be followed:

Does the opinion cover state laws other than that of the general corporate law of Delaware? YES

NO

Are the areas of law limited to authorization, good standing, qualification, no conflicts, enforceability, no litigation, and other areas of law in which the issuing attorney regularly practices? NO

YES

Is there an in-house attorney who is an active member of the bar of the state(s) whose law is covered by the opinion, who is willing to give the opinion and authorized by the general counsel to do so? NO

YES

(continued on next page)

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Common In-House Opinions and Associated Diligence

A discussion of the specific types of investigation appropriate for the various types of opinions follows:

Credit Agreements

Due Organization, Valid Existence, and Good Standing (a/k/a, collectively, ìOrganizational Mattersî).

The purpose of this opinion is to demonstrate that the opinion-giverís client is an existing entity that can enter into binding contracts.

Due incorporation or organization refers to the lawful creation of a corporate entity and normally involves a determination of the proper filing with and acceptance by the appropriate governmental officials of articles, certificates, or other instruments of incorporation or organization in accordance with the laws applicable at the time of filing. Due organization may also cover adoption of the initial bylaws, appointment of initial directors, and under some commentary, proper issuance of initial stock for lawful consideration, so due incorporation is the preferred formulation (and if the corporation was formed by a non-affiliated company, a ìvalid existenceî formulation permits the opinion-giver to avoid going back to review the status at the time of incorporation.) The opinion-giver should obtain a copy of the original articles and all subsequent amendments, including merger filings, to review those documents for conformity with the applicable legal requirements as to content and adoption, and to confirm the absence of other purported amendments, by relying on a Secretary Certificate or reviewing the corporate records. Consequently, the preferred approach is to have the opinion-giver rely on a good standing certificate from the Secretary of State of the state of formation. Typically, lendersí counsel in commercial banking transactions have allowed such a qualification, but underwriterís/dealer managerís counsel in a securities transaction have not.

The remaining two elements of this part of the opinion, valid existence and good standing, are inter-related. Valid existence refers to the absence of a permanent cessation of the entityís existence and good standing refers to the absence of a temporary but curable suspension of existence or power to act. They depend upon the absence of the following:

The limitation on life of the entity in its charter documents;
Dissolution or actions leading to a dissolution;
A merger in which the entity does not survive;
Proceedings by governmental officials to revoke the chartering authority;
Failure to pay certain franchise or similar taxes or to take other actions such that suspension results.

However, the preferred approach is to include a qualification in the opinion that such opinion is based solely upon a certificate from the Secretary of State of the state of organization.

Due Qualification and Good Standing in Other Jurisdictions
The purpose of this opinion is to confirm the ability of the corporation to conduct business, own property, and enter into contractual obligations in jurisdictions other than the jurisdiction of its incorporation. This opinion usually involves the laws of jurisdictions in which in-house counsel are not expert. Thus, the opinion-giver relies solely on advice of governmental officials in the relevant jurisdiction, and the opinion letter must indicate that reliance. At times, opinion-recipients request opinions that the

corporation is admitted in all states necessary for the conduct of its business. While this is sometimes done (and an implicit exception to the general rule of limiting opinions to states in which the opinion-giver is admitted), there is support in published legal opinion commentary for the view that the issue is more appropriate in a company representation.

Corporate Power

The purpose of this opinion is to address the question of ultra vires. The banks are concerned whether the borrower has the power to enter into the financing documents. Counsel should review certified charter documents and enabling legislation, and conduct a review to ensure the absence of other laws creating a disability for entities such as the borrower.

Due Authorization, Execution, and Delivery

This opinion is intended to address the propriety of actions taken by the entity to comply with the governance procedures in undertaking the obligations under the transaction documents, and the signing of those documents. The attorney preparing the opinion should determine the required authorizing acts under the entityís governing instruments and enabling legislation and review the actions taken for conformity and sufficient coverage of the transaction. This usually involves actions taken by the directors at a meeting or by consent. The attorney preparing the opinion should verify that the requisite numbers of directors acted, that the directors appear to have been properly elected, that their action was taken upon required formalities (such as quorum and notice requirements), and that the actions, as evidenced by written minutes of a meeting or a signed consent, are sufficiently broad and unambiguous to cover the matter requiring approval. The opinion-giver could also rely upon a Secretaryís Certificate as to such matters.

Due execution and delivery is usually taken to mean that a person who has been authorized to do so by the authorizing action in fact signed the transaction documents on the entityís behalf with the intent that they be effective. The attorney preparing the opinion should confirm that the individual signing was among those indicated by name or position and the authorizing actions to have that authority and, if indicated by position, that the person properly holds that position. The opinion-giver could also rely upon a Secretaryís Certificate as to such matters.

Binding Effect (a/k/a ìEnforceabilityî, a/k/a ìRemediesî)

This opinion at a minimum encompasses threshold matters such as corporate power and due authorization (already discussed), the recognition by a court of the transaction documents as imposing upon the entity the obligations reflected in the documents, the availability of some appropriate remedy for the entityís failure to conform generally to those obligations and the absence in the documents of any term or provision which applicable law would render per se illegal, void, voidable, or unenforceable or limit to a degree not expressly contemplated in the documents. The attorney preparing the opinion should analyze the fundamental aspects of the transaction in the documents. What these aspects are will vary considerably depending upon the nature of the transaction and the parties involved. They will include such basics as the elements of contractual formation,

the creation of obligations or indebtedness and the essential legality of the contract subject matter, and may include such matters as usury or margin requirements. Include the relevant exceptions from the long list of exceptions included in the attached form.

Absence of Needed Consents
Although almost always combined, this opinion addresses three separate matters:

Governmental consents needed to assure the ability of the entity to create a legal obligation;

Governmental consents which if not obtained could result in some significant disability on the entityís activities or substantial monetary penalty, thereby affecting its ability to perform; and

Private party consents which, if not obtained, could result in substantial monetary consequences such as the acceleration of other indebtedness, or could subject the counterparty to possible claims of interference with contracts.

Of course, if such actions are needed, the opinion must except and identify the required consents.

No Conflicts (a/k/a ìNoncontraventionî)
This opinion is intended to ensure that the transaction will not create defaults under other agreements to which the entity is a party, and that it is not contrary to restrictions in the entityís organizing documents. The opinion should normally only cover specified material contracts (such as Form 10-K exhibits), agreed to in advance. The attorney preparing the opinion should review the specified contracts and interpret their terms. The basis for determining which contract is to be reviewed should be agreed upon early. Reasonable contracts to be reviewed include other financing documents and capital leases. An appropriate standard for determining what ìmaterialî agreements means is any agreement required to be filed in accordance with the Securities and Exchange Act of 1934.

Absence of Litigation
This opinion has a ìto my knowledgeî qualifier. The scope of investigation should include a review by the general counsel of material provided to him regarding litigation as part of preparation for letters to auditors, preparation for board of directors meetings, or otherwise. The opinion preparer should poll the managing attorneys in the Legal Department regarding the existence of other pending or threatened claims, and such managing attorneys should return a signed certificate in a form similar to the one attached hereto.

Regulatory
The general ìno violation of lawî opinion may not be broad enough to encompass the Investment Company Act, or the margin Regulations U and X. Consequently, some lenders will insist that the company provide an opinion regarding the applicability of

these regulations. In-house counsel is more familiar with the company and therefore could perform the diligence required to give such opinions more quickly and efficiently than outside counsel. The Public Utility Holding Company Act (ìPUHCAî) was repealed in 2005; consequently, PUHCA opinions should no longer be required.

Regulation U sets out certain requirements for lenders, other than securities brokers and dealers, who extend credit secured by margin stock. Margin stock includes any equity security registered on a national securities exchange such as the New York Stock Exchange, NASDAQ stock, and any debt security convertible into a margin stock. The regulation covers entities that are not brokers or dealers, including commercial banks and companies that have employee stock option plans. Regulation U states that no lender shall extend any ìpurpose creditî secured directly or indirectly by margin stock, in an amount that exceeds the maximum loan value of the collateral securing the credit. ìPurpose creditî is any credit for the purpose, whether immediate, incidental, or ultimate, of buying or carrying margin stock.

In order to provide a Regulation U opinion, the opinion-giver must determine whether the company is acting as a lender extending credit for the purpose of buying or carrying margin stock. If so, the opinion-giver must determine whether such extension of credit is limited to its employees to purchase company stock under an eligible employee stock option, purchase, or ownership plan. If so, the company need not obtain a statement of purpose for each extension of credit but it must still comply with registration requirements and file annual reports. In order to deliver this opinion, an authorized officer of the entity would certify to certain factual matters that would reflect that the entity falls under an exemption from coverage under Regulation U. A form certificate is attached hereto.

Bank lenders may also request opinions that the bankís extension of credit does not violate Regulation U, which may require a determination that the credit will not be secured ìdirectly or indirectlyî by margin stock. Indirect security may arise from negative pledge or asset sale covenants. The analyses underlying these opinions may be complex and are usually handled by outside counsel.

Regulation X extends to borrowers the provisions of regulations governing the extension of credit by brokers and dealers (Regulation T) and by banks and other lenders (Regulation U) for the purpose of purchasing or carrying securities. A borrower who obtains credit within the United States to purchase or carry securities issued by any company is subject to Regulation X only in the event that the borrower willfully causes the credit to be extended in contravention of Regulation T or U. Generally, a borrower who obtains credit outside the United States to purchase or carry securities issued by a company incorporated in the United States is subject to Regulation X if the borrower is a ìU.S. personî or a ìnon-U.S. personî controlled by or acting on behalf of or in conjunction with a ìU.S. personî. Borrowers subject to Regulation X have the burden of ensuring that the credit they obtain conforms to Regulation T or U.

In order to provide a Regulation U opinion, the opinion-giver must determine whether the extension of credit is for the purpose of purchasing or carrying margin securities. Regulation T has a broader scope and may apply to any extension of credit by a broker-dealer (or certain affiliates) for the purpose of purchasing any stock (not only listed stock or NASDAQ stock). Although it may be unlikely that the factual predicates would exist for an assertion that the borrower is willfully causing the credit to be extended in contravention of Regulation T or U, because of the complexities of the analysis and the ìcost-benefitî aspects of opinion rendering, Regulation X opinions should generally be resisted. In order to deliver this opinion, an authorized officer of the entity would certify to certain factual matters that would reflect that the entity falls under an exemption from coverage under Regulation X. A form certificate is attached hereto.

d. An ìinvestment companyî is any issuer which engages primarily in the business of investing, reinvesting or trading in securities; is engaged or proposes to engage in the business of issuing face-amount certificates of the installment type, or has been engaged in such business and has any such certificate outstanding, or is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding forty percent (40%) of the value of such issuerís total assets (excluding government securities and cash) on an unconsolidated basis. ìInvestment securitiesî includes all securities except government securities, securities issued by employeesí securities companies, and securities issued by majority-owned subsidiaries of the owner, which are not ìinvestment companiesî. Also there is an exemption from the definition of ìinvestment companyî for any issuer primarily engaged, directly or through a wholly-owned subsidiary or subsidiaries, in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities.

When opining that the relevant company entity is not an ìinvestment companyî, the opinion-giver merely confirms that the company continues to meet the above test which, absent a dramatic change in our strategy and asset holdings, should continue to be correct. In order to deliver this opinion, an authorized officer of the entity in question would certify to certain factual matters that would reflect that the entity falls under an exemption from coverage under the Investment Company Act of 1940.

Securities

Opinion letters delivered in regard to issuances of debt or equity securities often include many of the opinions discussed in Section 11(a) of these guidelines. A discussion of opinions commonly included in securities transactions, but not discussed in Section 11(a), follows.

Opinions & Registration Statements. In an equity financing, counsel for the company customarily renders an opinion to the purchasers of the shares of stock they are acquiring from the company, that such shares ìhave been duly authorized and validly issued and fully paid and non-assessableî. This opinion addresses the concern of the purchasers that the stock they are acquiring will entitle them and anyone to whom they may transfer the shares to all the rights of a stockholder under the corporation law under which the

company was incorporated and the companyís charter and bylaws. This opinion is filed with the registration statement. A similar opinion is often given to the dealer managers or underwriters. In order to perform due diligence on the foregoing opinion, the following actions must be taken: (i) review the Certificate of Incorporation or other formation documents of the subject entity, (ii) review the minute books of the entity to determine whether each change in the company shares of the entity were authorized by proper action, (iii) review the By-laws of the entity, and (iv) reviewed the current minute book of the entity to locate any applicable subscription agreements or resolutions.

Opinion Required by the Underwriting or Dealer Manager Agreement. Underwriting agreements and dealer manager agreements typically require legal opinions from issuerís counsel. One of the important functions of the opinion is to help the underwriters or dealer managers meet their due diligence obligations under Section 11 of the Securities Act of 1933. The opinion letter typically covers three categories of opinions: (a) Those dealing with the registration statement; (b) those dealing with the binding nature of the underwriting or dealer manager agreement; and (c) those dealing with the other matters referenced in subsection 11(a) above.

The part dealing with the registration statement usually has four components. The first component addresses whether the registration statement and prospectus comply as to form with the Securities Act of 1933 and associated rules and regulations. This means not only that the registration statement has been filed in the correct form, but also that the opinion-giver has reviewed each of the items in the applicable form and determined that it is responsive. It also means that certain technical requirements have been complied with, e.g., that the prospectus is dated and that the signature requirements are fulfilled. The intent of the phrase ìcomply as to formî is intended to free the opinion-giver from passing on the substance of the material contained in the registration statement. In registration statements incorporating reports filed under the Securities and Exchange Act of 1934, this ìcomplies as to formî opinion is often rendered with respect to the incorporated documents. The second component of the registration statement opinion is a statement that the opinion-giver has no reason to believe that there is an untrue statement of a material fact or omission of material fact necessary to make the statement not misleading. This assertion is intended to compliment the former opinion and to reach, by way of negative assurance, the substance of the registration statement. This component is discussed in greater detail in subsection iv, below. The third component calls for the opinion-giver to state that he or she does not know of any contracts or other documents required to be filed or described therein. It also often includes an opinion that counsel knows of no default in any material agreement. A fourth component may contain affirmative assurances with respect to specified portions of the registration statement.

In regard to the binding nature of the underwriting or dealer manager agreement, the opinion-giver typically will only opine that the agreement has been duly authorized, executed, and delivered by the issuer. There are three reasons for this: (1) it is customary practice; (2) there is some legal doubt as to the binding nature of the indemnification provisions that are usually a part of an underwriting agreement; and (3) there are cases suggesting that if a prospectus is materially misleading, the underwriting contract cannot

itself be binding.

Negative Assurance ìNon-Opinion.î It is customary practice for underwriters to require that issuerís counsel provide them negative assurance regarding the disclosure in the registration statement and prospectus to help them establish a due diligence defense under Sections 11 and 12(a)(2) of the Securities Act of 1933. Negative assurance is not a legal opinion. Instead it is a statement of belief, unique to securities offerings, based on participation in the process of preparing, reviewing and revising the registration statement and prospectus. The practice is evolving such that, in many types of unregistered offerings such as 144A and Regulation S offerings, placement agents and financial intermediaries request negative assurance on the offering documents. They do so even though Section 11 and 12(a)(2) of the Securities Act of 1933 do not apply, to help them establish a defense to possible claims that might be brought pursuant to Rule 10(b)(5) under the Securities and Exchange Act of 1934. Also, dealer managers are increasingly requesting negative assurance in exchange offers and in cash tender offers if the process for preparing the disclosure document is comparable to that followed in a registered offering. The dealer managerís position is stronger on exchange offers (which involve the ìpurchaseî of a new security rather than simply a sale for cash) but it is not uncommon for opinions to be rendered in tender offers too (although some firms have policies against rendering such opinions). In no instance should negative assurance be provided to the ultimate purchasers of securities; only to the underwriters or dealer managers. Because negative assurance is not a legal opinion, it is generally provided in a separate letter or in a separate unnumbered paragraph of the closing opinion letter.

v. Purchase agreements in Rule 144A or other unregistered offerings typically require legal opinions analogous to opinions required in registered offerings. Opinion items are omitted if irrelevant (e.g., there is no opinion that a registration statement has become effective) but other items may be added as appropriate (a ìno required registrationî opinion being the most typical example).

Other
Opinion letters delivered in regard to mergers, acquisitions, divestitures, and other commercial transactions typically include many of the opinions discussed in Section 11 of these guidelines.
Back Up Certification
Legal Opinion

I, _____, Assistant General Counsel of The XYZ Company, Inc., hereby certify that:

I have reviewed Section(s) _____of the draft distributed _____, 200__, of the _____ between _____, as _____, and [the lenders named therein] OR [_____, as underwriter(s)];

Based on my knowledge, those representations and warranties contained in the named portion of the draft are true and correct as stated therein;

In my review of this report I have taken into account my areas of responsibility in The XYZ Company, Inc. (the ìCompanyî) as Assistant General Counsel; and

I confirm further that I will promptly advise the General Counsel of the Company if any matters subsequently come to my attention that would have made the representations and warranties incorrect when made.

Date:

Name:

Title: Assistant General Counsel

form legal opinion: CREDIT AGREEMENTS

[Letterhead of Issuing Counsel]

[date]

To the Parties Listed on Schedule A hereto:

Re: [brief transaction description]

Ladies and Gentlemen:

I am [issuing counsel's title (e.g. General Counsel)] of [The XYZ Companies, Inc. or XYZ subsidiary] (the "Companyî) and have acted as counsel to the Company in connection with the [_____ Agreement] dated [_____, 20__], among the Company and [name counterparties] (the ìAgreementî). [Add definitions of other agreements covered by the opinion, if necessary.] This opinion is furnished to you at the

request of the Company pursuant to Section _____ of the Agreement. Terms defined in the Agreement not otherwise defined herein are used herein as therein defined.

In connection with this opinion, I or other attorneys acting under my supervision have (i) investigated such questions of law, (ii) examined such corporate documents and records of the Company and certificates of public officials, and (iii) received such information from officers and representatives of the Company and made such investigations as I or other attorneys under my supervision have deemed necessary or appropriate for the purposes of this opinion. As to certain matters of fact material to the opinions expressed herein, I have relied on the representations made in the Agreement, certificates of officers of the Company or certificates from public officials or others. I have not, nor have other attorneys under my supervision, conducted independent investigations or inquiries to determine the existence of matters, actions, proceedings, items, documents, facts, judgments, decrees, franchises, certificates, permits, or the like and have made no independent search of the records of any court, arbitrator, or governmental authority affecting any person, and no inference as to my knowledge thereof shall be drawn from the fact of my representation of any party or otherwise.

In rendering the opinions herein, I have with your permission and without independent verification assumed the legal capacity of all natural persons executing documents, the genuineness of all signatures, the authenticity of all documents submitted to me as originals and the conformity to authentic original documents of all documents submitted to me as certified, conformed or reproduction copies. [In making my examination of documents executed by parties other than the Company, I have assumed that such parties had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and the due execution and delivery by such parties of such documents and the validity and binding effect thereof as to such parties. As to any facts material to the opinions expressed herein which I did not independently establish or verify, I have relied upon statements and representations of representatives of the Company, or upon the representations of the Company made in the Agreement.]

Based upon and subject to the foregoing and the other qualifications, limitations, and assumptions set forth below and upon such other matters as I have deemed appropriate, I am of the opinion that:

The Company is a corporation duly [formed], validly existing, and in good standing under the laws of the State of Delaware. The Company is qualified as a foreign corporation and in good standing under the laws [preferred option: list states relevant to transaction and in which the opinion-giver is admitted][second alternative: of each jurisdiction where its ownership, lease or operation of property or the conduct of its business require such qualification, except to the extent that a failure to so qualify or be in good standing would not, in the aggregate, result in a material adverse effect on the Companyís performance of its obligations under the Agreement].

The Agreement has been duly and validly executed and delivered by the Company and

such execution, delivery, and performance by the Company of the Agreement (a) have been duly authorized by all necessary corporate action of the Company, (b) are within the corporate power and authority of the Company, and (c) do not contravene the Certificate of Incorporation or Bylaws of the Company.

The execution, delivery, and performance by the Company of the Agreement (a) do not contravene any [insert state where the opinion-giver is admitted] or United States law, rule or regulation applicable to the Company, and (b) based solely on a review of the documents identified to me in an officerís certificate as constituting all material contracts of the Company, which are listed in Schedule __ hereto, [or: review of exhibits to the Companyís Report on Form 10-K for the year ended ____ (and any subsequent report on Form 10-Q (collectively, ìMaterial Contractsî)] do not result in the breach of, or constitute a default under, any material contract to which the Company is a party or by which the Company is bound, except as would not have a material adverse effect on the Companyís performance of its obligations under the Agreement.

[Assuming that the Agreement is a valid and legally binding obligation of the other parties thereto, the Agreement constitutes the valid and binding obligation of the Company, enforceable in accordance with its terms.]

No authorization, consent, approval, license, permission or registration of or with any governmental authority of [insert state where opinion-giver is admitted] or the United States [or, to my knowledge, any other person or entity under any material contract], which has not been obtained and is not in full force and effect, is required in connection with the execution, delivery and performance by the Company of the Agreement, except [for filings required for the perfection of liens and] to the extent that a failure to obtain such would not, in the aggregate, result in a material adverse effect on the Companyís performance of its obligations under the Agreement.

To my knowledge, there is no action, suit or proceeding pending or threatened against the Company before any court or arbitrator or any governmental body, agency (a) with respect to the Agreement[, or (b) except as set forth in the Public Filings, as defined below, or as disclosed in the Agreement [or if applicable, an attachment thereto]. As used in this paragraph, "Public Filings" means all documents which the Company has filed pursuant to Sections 13, 14, or 15(d) of the Securities and Exchange Act of 1934 on or prior to the date of this opinion].

Neither the Company nor any of its Subsidiaries is required to be registered as an ìinvestment companyî within the meaning of the Investment Company Act of 1940, as amended. None of the execution, delivery or performance of any of the Credit Documents violates either of Regulations U and X of the Board of Governors of the Federal Reserve System.

The opinions expressed in this letter are subject to the following additional exceptions, qualifications and limitations:

A. My opinion in paragraph 1 with respect to whether the Company is duly [organized/formed], validly existing, qualified, and in good standing is based solely on a certificate[s], dated as of [_____, 20__] from the Secretary of State of the States of [Delaware] [list other states regarding good standing], certifying as to such matters.

B. My opinions in paragraph 4 are subject, insofar as enforceability is concerned, to the effect of any applicable bankruptcy, insolvency, reorganization, Section 548 of the United States Bankruptcy Code, Title 11, U.S.C., Article 10 of the New York Debtor and Creditor Law or any other law dealing with fraudulent transfer or conveyance, moratorium, or similar law affecting creditorsí rights and remedies generally, and general principles of equity including the possible unavailability of specific performance, injunctive relief or any other equitable remedy, principles of materiality, commercial reasonableness, good faith, and fair dealing (regardless of whether considered in a proceeding in equity or at law).

C. [I express no opinion in paragraph 4 with respect to the enforceability of any of the following: (i) indemnification provisions to the extent the same are violative of federal or state securities laws, rules, or regulations, or of public policy, (ii) clauses relating to recovery of attorneysí fees in connection with the enforcement of obligations, (iii) clauses relating to release of unmatured claims and integration clauses to the effect that no representation was made other than as appears in the Agreement, (iv) clauses purporting to waive unmatured rights, representations, warranties, or affirmative or negative covenants to the extent such representations, warranties, or covenants can be construed to be independent clauses which purport to be legal, valid, binding, and enforceable by themselves, as distinguished from being clauses that trigger an event of default, and severability and similar clauses, (v) clauses relating to rights of set-off or subrogation rights (or the waiver thereof), (vi) clauses that purport to establish evidentiary standards for suits or proceedings to enforce such document or otherwise, to establish or negate applicable rules of construction based upon participation in negotiations or document preparation, to permit the administrative agent or any lender to act in its sole discretion or to waive a right to a jury trial or service of process; (vii) clauses requiring indemnification or reimbursement of any person in respect of negligence, willful misconduct or unlawful behavior, (viii) clauses that purport to limit the liability of or exculpate any person, (ix) clauses that contain any agreement to agree or purport to bind non-parties, (x) clauses that purport to require that all amendments, waivers, and terminations be in writing or to require disregard of any course of dealing between the parties, (xi) clauses that purport to waive the right to assert defenses, counterclaims or cross-claims, or the right to object to venue or to assert forum non conveniens, (xii) clauses that purport to waive notice of acceleration, (xiii) clauses that purport to render the obligation of any party absolute and unconditional regardless of the happening or existence of any event, occurrence or other state of facts, (xiv) clauses that purport to ratify future acts, (xv) clauses relating to severability or separability, (xvi) clauses that purport to confer subject matter jurisdiction in respect of bringing suit, enforcement of judgments or otherwise on any court, to the extent that such court does not have such jurisdiction, (xvii) clauses that purport to restore the parties to their former positions, (xviii) liquidated damages clauses, and (xix) the effect on the enforceability of

any guaranty against any guarantor or other surety of any facts or circumstances that would constitute a defense to the obligation of a surety, unless such defense has been effectively waived by such guarantor or other surety.]

E. I express no opinion as to the effect on the opinions herein stated of compliance or non-compliance by any [lender] with any applicable state, federal, or other laws or regulations applying only to banks or other lenders, or the legal or regulatory status of any lender.

F. My opinion in paragraph 4 assumes application of [list relevant state(s)] law would not be found to be contrary to a fundamental policy of a state with a materially greater interest in determining the question presented and the laws of which would govern in absence of an effective choice of law.

Qualification of any statement or opinion herein by the use of the words "to my knowledge" means that during the course of representation in connection with the transactions contemplated by the Agreement, no information has come to the attention of me or attorneys reporting to me that would give me or such attorneys current actual knowledge of the existence of facts or matters so qualified. I have not undertaken any investigation to determine the existence of facts, and no inference as to my knowledge thereof shall be drawn from the fact of the representation by me or attorneys reporting to me of any party or otherwise.

The opinions herein expressed are limited to the matters expressly set forth in this opinion letter, and no opinion is implied or may be inferred beyond the matters expressly so stated.

Without limiting the generality of and subject to the paragraph below, in rendering my opinions herein I have considered only those laws, statutes, rules and regulations that, in my experience, are customarily applicable to transactions of the character contemplated by the Agreement.

For purposes of the opinion in paragraph __ dealing with Regulations U and X, I have assumed without independent investigation that the representation and warranty of the Company set forth in Section __ of the Agreement is and will be true and correct at all relevant times. [If the Agreement does not have a representation or covenant negating the possibility of ìpurpose creditî then additional assumptions negating the possibility of direct or indirect security may be needed.]

In rendering my opinion expressed in paragraph 3 insofar as it requires interpretation of Material Contracts, I express no opinion with respect the compliance of the Company with, or any financial calculations or data in respect of, financial covenants included in any Material Contract.

In rendering my opinions in paragraph 3 and 5, I render no opinion regarding the federal or state securities or blue sky laws or regulations.

I am admitted to practice law in the State[s] of [list relevant state or states], and, accordingly, the opinions expressed herein are based upon and limited exclusively to the laws of such state[s], the General Corporation Law of the State of Delaware and the laws of the United States of America insofar as any of such laws are applicable. I render no opinion with respect to any other laws.

This opinion letter is solely for the benefit of the [list counterparties], in consummating the transaction contemplated by the Agreement, and may not be used or relied upon by any other person or for any other purpose whatsoever without in each instance my prior written consent. The [list counterparties] may not furnish this opinion or copies hereof to any other person except to (i) regulatory authorities upon request, (ii) independent auditors and attorneys of [list counterparties], (iii) in connection with any legal actions arising out of the transactions contemplated by the Agreement, (iv) pursuant to order or legal process of any court or governmental authority or (v) to successors, assigns, participants and other transferees. This opinion may not be quoted without my prior written consent. This opinion speaks as of its date, and I undertake no, and hereby expressly disclaim any, duty to advise you or any other person entitled to rely hereon as to any changes of fact or law coming to my attention after the date hereof.

Very truly yours,

SCHEDULE A

ADDRESSEES

form legal opinion: SECURITIES

[Letterhead of issuing counsel]

[Date]

[Name and Address(es) of underwriter(s) or dealer manager(s)]

Re: [Brief transaction description]

Ladies and Gentlemen:

I am [issuing counselís title (e.g. General Counsel)] of [The XYZ Companies, Inc., or XYZ subsidiary] (the ìCompanyî), and in such capacity I am charged with general supervisory responsibilities for the legal affairs of the Company and its subsidiaries. I am furnishing this opinion letter to you at the request of the Company, pursuant to Section [_____ of the Underwriting Agreement, dated as of _____ (the ìUnderwriting Agreementî)], among the Company and the [Underwriters] named in Schedule I thereto (the [ìUnderwritersî]), in connection with the consummation of the sale by the Company to the Underwriters of $_____ aggregate principal amount of the Companyís [describe securities] (the ìSecuritiesî). The Securities are being sold pursuant to the [Underwriting Agreement] and issued pursuant to the [senior indenture], dated as of _____ between the Company and _____, as trustee (the ìTrusteeî) and (such indenture so amended and supplemented is herein referred to as the ì_____î). Capitalized terms used but not defined herein have the respective meanings given to such terms in the [Underwriting Agreement.]

In connection with this opinion, I, or attorneys under my supervision, have examined and are familiar with originals or copies, certified or otherwise identified to my satisfaction, of [list documents reviewed]:

the prospectus;

the registration statement;

an executed copy of the indenture;

a specimen of the certificate representing the Securities;

an executed copy of the Underwriting Agreement;

the certificate of incorporation of the Company and all amendments thereto, as presently in effect (the ìCertificate of Incorporationî);

the bylaws of the Company and all amendments thereto, as presently in effect (the ìBylawsî);

certain resolutions adopted by the board of directors of the Company relating to the issuance and sale of the Securities and related matters;

the Companyís Annual Report on Form 10-K for the fiscal year ended _____;

the Companyís Quarterly Reports on Form 10-Q for the fiscal quarters ended _____; and

the Companyís Current Reports on Form 8-K filed _____.

In connection with this opinion, I or other attorneys acting under my supervision have (i) investigated such questions of law, (ii) examined such corporate documents and records of the Company and certificates of public officials, and (iii) received such information from officers and representatives of the Company and made such investigations as I or other attorneys under my supervision have deemed necessary or appropriate for the purposes of this opinion. Except as otherwise expressly stated below, I have not, nor have other attorneys under my supervision, conducted independent investigations or inquiries to determine the existence of matters, actions, proceedings, items, documents, facts, judgments, decrees, franchises, certificates, permits, or the like and have made no independent search of the records of any court, arbitrator, or governmental authority affecting any person, and no inference as to my knowledge thereof shall be drawn from the fact of my representation of any party or otherwise.

In my examination, I have with your permission assumed without independent verification the legal capacity of all natural persons, the genuineness of all signatures, the authenticity and completeness of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me or attorneys under my supervision, as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents. In making my examination of documents executed by parties other than the Company, I have assumed that such parties had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and the due execution and delivery by such parties of such documents and the validity and binding effect thereof as to such parties. As to any facts material to the opinions expressed herein which I did not independently establish or verify, I have relied upon certificates of officers of the Company or certificates from public officials or others, or upon the representations of the Company made in the [Underwriting Agreement].

I am a member of the bar of the State[s] of [list relevant state of states] and for purposes of this opinion do not express any opinion as to the laws of any jurisdiction other than (i) to the extent applicable, if at all, the laws of the State[s] of [repeat states listed above], (ii) the General Corporation Law of the State of Delaware and (iii) the laws of the United States of America [(including any Federal statute law, rule or regulation relating to the operation or conduct of energy industry businesses, including regulations and orders of the Federal Energy Regulatory Commission)].

(a) Qualification of any statement or opinion herein by the use of the words ìto my

knowledgeî means that no information has come to my attention or to the attention of attorneys reporting to me that would give me or such attorneys current actual knowledge of facts contrary to the existence or absence of facts or matters indicated.

(b) I express no opinion as to the effect on the opinions herein stated of compliance or non-compliance by the [Underwriters] with any applicable state, federal, or other laws or regulations applying only to banks or similar institutions, or the legal or regulatory status of the [Underwriters.]

(c) The opinions herein expressed are limited to the matters expressly set forth in this opinion letter, and no opinion is implied or may be inferred beyond the matters expressly so stated.

(d) Without limiting the generality of and subject to the paragraph below, in rendering my opinions herein I have considered only those laws, statutes, rules and regulations that, in my experience, are customarily applicable to transactions of the character contemplated by the [Underwriting Agreement] and the registration statement.

Based upon and subject to the foregoing and to the other qualifications and limitations set forth in this letter, I am of the opinion that:

l. The Company [and each of its significant subsidiaries] have been duly incorporated or otherwise validly formed and are validly existing in good standing under the laws of their respective jurisdictions of formation or incorporation, have the requisite power and authority to own their property and to conduct their business as described in the prospectus and are duly qualified to do business and are in good standing laws [preferred option: list states relevant to transaction and in which the opinion-giver is admitted][second alternative: of each jurisdiction where its ownership, lease or operation of property or the conduct of its business require such qualification, except to the extent that a failure to so qualify or be in good standing would not, in the aggregate, result in a material adverse effect on the Companyís performance of its obligations under the Agreement]and all of the issued shares of capital stock of each significant subsidiary that is a corporation have been duly and validly authorized and issued, are fully paid, and non-assessable and are owned of record directly or indirectly by the Company free and clear of all liens, encumbrances, equities or claims.

2. Each of the [Underwriting Agreement], the indenture and the Securities have been duly authorized, executed, and delivered by the Company;

3. The company shares have been duly authorized for issuance and conform to the description thereof contained in the prospectus. When any company shares are issued and delivered by the Company as provided in the offer material, such company shares will be validly issued, fully paid and nonassessable, and the stockholders of the Company have no preemptive rights with respect to the company shares.

4. To my knowledge, there are no contracts, agreements or understandings

between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act of 1933 with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the registration statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Securities Act of 1933.

5. The execution, delivery, and performance by the Company of the [Underwriting Agreement, the Securities, and the indenture] (a) do not contravene the Certificate of Incorporation or Bylaws of the Company, (b) any [insert state where the opinion-giver is admitted] or United States law, rule or regulation applicable to the Company, and (c) based solely on a review of the documents identified to me in an officerís certificate as constituting all material contracts of the Company, which are listed in Schedule __ hereto, [or: review of exhibits to the Companyís Report on Form 10-K for the year ended ____ (and any subsequent report on Form 10-Q (collectively, ìMaterial Contractsî)] do not result in the breach of, or constitute a default under, any material contract to which the Company is a party or by which the Company is bound, except as would not have a material adverse effect on the Companyís performance of its obligations under the [Underwriting Agreement, the Securities, and the indenture]. This paragraph 5 does not include any opinion regarding any federal or state securities or blue sky laws or regulations;

6. To my knowledge, the Company has filed all documents with the Commission that it is required file from and after January 1, [ ] under the Securities and Exchange Act of 1934;

7. There is no pending, or, to my knowledge, threatened action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries or its or their property, of a character required to be disclosed in the Registration Statement which is not adequately disclosed in the Final Prospectus, and there is no franchise, contract or other document of a character required to be described in the Registration Statement or Final Prospectus, or to be filed as an exhibit thereto, which is not described or filed as required; and the statements included or incorporated by reference in the Final Prospectus; and

I, or attorneys under my supervision have participated in conferences with officers and other representatives of the Company, the Companyís outside counsel, representatives of the independent auditors for the Company, your representatives and your counsel at which the contents of the registration statement and the prospectus and related matters were discussed and, although I am not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained or incorporated by reference in the registration statement or the prospectus, on the basis of the foregoing, no facts have come to my attention that have led me to believe that (a) the registration statement and the prospectus (in each case excluding (x) the incorporated

documents and (y) the Trusteeís Statement of Eligibility on Form T-1 (as to which I express no opinion)), as amended or supplemented, if applicable, did not comply as to form, when filed, in all material respects with the requirements of the Securities Act of 1933 and the rules and regulations of the commission thereunder, (b) the incorporated documents did not comply as to form, when filed, in all material respects with the requirements of the Securities Exchange Act of 1934 and the rules and regulations of the commission thereunder, (c) the registration statement, on the date of the [Underwriting Agreement], contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or to make the statements therein not misleading, or (d) the prospectus, as amended or supplemented, if applicable, as of its date or as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that with respect to each of clauses (a)-(d), I do not express an opinion or belief with respect to the financial statements, schedules and other financial and accounting data and the proved reserve estimates included or incorporated by reference in the registration statement, the prospectus or the Schedule TO.

In addition, I have been advised by the staff of the Securities Exchange Commission (ìCommissionî) that the registration statement has been declared effective under the Securities Act of 1933 by the Commission and the indenture qualified under the Trust Indenture Act of 1939, as amended.

In addition, I believe that the statements in the prospectus incorporated by reference from (A) Item 3 of Part I of the Companyís Annual Report on Form 10-K for the fiscal year ended December 31, [ ] (B) Item 1 of Part II of the Companyís Quarterly Reports on Form 10-Q for the fiscal quarters ended [ ] and (C) Item 5 (or Item 8.01 with respect to reports filed on or after [ ] of the Companyís current reports on Form 8-K, if any, filed since such annual report, insofar as such statements constitute summaries of legal matters and proceedings, present in all material respects an accurate summary of such legal matters or proceedings.

This opinion letter is being furnished only to you in connection with the sale of the Securities under the [Underwriting Agreement] occurring today and is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person, including any purchaser of any Securities from you, for any other purpose, without my prior written consent. The opinions expressed herein are as of the date hereof only and are based on laws, orders, contract terms and provisions, and facts as of such date, and I disclaim any obligation to update this opinion letter after such date or to advise you of changes of facts stated or assumed herein or any subsequent changes in applicable law.

Very truly yours,

Example Support Memorandum for Opinion File

THE SMITH COMPANIES, INC.
Interoffice Memorandum

TO: Opinion File
FROM: Jane Doe
DATE: January 1, 2000
RE: Diligence for John Doeís legal opinion for the XYZ transactions

I performed due diligence for the distinct statements, (i) through (v), that you requested for John Doeís opinion to be delivered at closing of the XYZ transactions.

Each of AAA and XYZ LLC has been duly formed and is validly existing in good standing as a limited liability company under the Delaware LLC Act, is duly registered or qualified to do business and is in good standing as a foreign limited liability company under the laws of the jurisdictions set forth on Annex I to this Agreement, except where the failure to so register or so qualify would not (A) reasonably be expected to have a Material Adverse Effect, or (B) subject the limited partners of the Partnership to any material liability or disability; and each such limited liability company has all requisite limited liability company power and authority necessary to own or hold its properties and to conduct the businesses in which it is engaged, in each case as described in the most recent Preliminary Prospectus and the Prospectus.
ACTION TAKEN: In order to perform due diligence on the foregoing, I took the following actions: 1) a good standing certificate for both AAA and XYZ LLC was obtained from the Delaware Secretary of State, 2) the certificate of formation for both AAA and XYZ LLC was reviewed to ensure the existence of the entities, 3) the Delaware LLC Act was reviewed as of the date that the Certificate of Formation for each of AAA and XYZ LLC were filed to ensure that each entity complied with the relevant requirements if the Delaware LLC Act in effect as of such date, 4) the minute books of both AAA and XYZ LLC were reviewed to ensure the absence of pending amendments to the Certificates of Formation.
CONCLUSION: No matters were noted that would cause any concern in giving this opinion. No changes in the Delaware LLC Act addressed this matter.
Exhibits: A. Good standing Certificate of AAA
Certificate of Formation of AAA
Good Standing Certificate of XYZ LLC
Certificate of Formation of XYZ LLC
Delaware LLC Act
On the First Delivery Date, and after giving effect to the Transactions, SFS Company will own a 74.9% limited liability company interest in XYZ LLC;
ACTION TAKEN: In order to perform diligence on the foregoing opinion, the following actions were taken: 1) the Amended and Restated Limited Liability Company Agreement of Smith XYZ LLC between Smith Floor Services Company LLC and Smith Partners Operating LLC was reviewed to confirm ownership, 2) the

minute book of XYZ LLC was reviewed to determine whether there are any claims against the interest.

CONCLUSION: Schedule 3.1 of the agreement confirms that SFS Company will own a 74.9% interest in XYZ LLC. No matters were noted in the agreement or the minute books that would cause any concern in giving this opinion.

Exhibits: R. Amended and Restated Limited Liability Company Agreement of Smith XYZ LLC between Smith Floor Services Company LLC and Smith Partners Operating LLC

such limited liability company interest has been duly authorized and validly issued in accordance with the XYZ LLC Agreement, and is fully paid (except as provided under the XYZ LLC Agreement) and non-assessable (except as such non-assessability may be affected by the XYZ LLC Agreement and Section 18-607 of the Delaware LLC Act); and

ACTION TAKEN: In order to perform diligence on the foregoing opinion, the following actions were taken: 1) the Amended and Restated Limited Liability Company Agreement of Smith XYZ LLC was reviewed, 2) the minute book was reviewed to locate any applicable subscription agreements or resolutions.

CONCLUSION: No matters were noted that would cause any concern in giving this opinion.

Exhibits: Exhibit R

SFS Company owns such limited liability company interest free and clear of all liens, encumbrances, security interests or claims (A) in respect of which a financing statement under the Uniform Commercial Code of the State of Delaware naming SFS Company as debtor is on file as of the date in such counselís opinion with the Secretary of State of the State of Delaware, (B) in respect of which a financing statement under the Uniform Commercial Code of the State of Oklahoma naming SFS Company as debtor is on file as of the date in such counselís opinion with the Oklahoma UCC Central Filing Office ñ Oklahoma County Clerk or (C) otherwise known to such counsel, without independent investigation, other than those created by or arising under the Delaware LLC Act or the XYZ LLC Agreement.

ACTION TAKEN: In order to perform diligence on the foregoing opinion, the following actions were taken: 1) reviewed financing statements for SFS Company filed with the Delaware UCC Central Filing Office and the Oklahoma UCC Central filing office since August 1, 2005, 2) the minute books were reviewed to discover any claims against SFS Companyís interest, for the dates August 1, 2005 to present.

CONCLUSION: No matters were noted that would cause any concern in giving this opinion.

Exhibits: S. Oklahoma UCC Financing statements for SFS Company
T. Delaware UCC Financing statements for SFS Company

(iii) Each of the Operative Agreements to which any of the Smith Entities, other than the Smith Parties, is a party has been duly authorized and validly executed and delivered by or on behalf of each of the Smith Entities party thereto.

ACTION TAKEN: In order to perform diligence on the foregoing opinion, the following actions were taken: 1) reviewed the Contribution, Conveyance and Assumption Agreement to determine the parties and signatories, 2)

reviewed the minute books for such parties to identify resolutions or other action authorizing the execution of the agreement and to ensure that the signatories to the agreement were authorized to sign.

CONCLUSION: The parties to the agreement are Smith Floor Services Company LLC and Smith XYZ LLC. The signatory for Smith Floor Services Company LLC was Alex Anderson, Senior Vice President, and the signatory for Smith XYZ LLC was Alex Anderson, Senior Vice President. Alex Anderson is an authorized signatory for both companies. No matters were noted in the agreement or the minute books that would cause any concern in giving this opinion.

Exhibits: U. Contribution, Conveyance and Assumption Agreement by and Among Smith Floor Services Company LLC and Smith XYZ LLC

(iv) The offering, issuance and sale by the Partnership of the Units, the execution, delivery and performance by the Smith Entities of any of the Operative Agreements and the consummation of the transactions contemplated thereby will not result in: (A) a violation of the certificate of incorporation, bylaws, limited liability company agreement, limited partnership agreement or similar organizational document of any of the Smith Entities (other than the Smith Parties),

ACTION TAKEN: In order to perform diligence on the foregoing opinion, the following actions were taken: 1) I reviewed the certificate of incorporation, certificate of formation, bylaws, and any other organizational documents of the Smith Entities (other than the Smith Parties).

CONCLUSION: The Smith Entities (minus the Smith Parties) are The Smith Companies, Inc., Smith Discovery Property LLC, Smith Partners Holdings LLC, Smith Engineering LLC, Smith Engineering Services LLC, SFS Group, and SFS Company. No applicable provisions that might impact or prohibit any of the primary objectives of the master limited partnership transaction were found.

Exhibits: V. Certificate of Designation of The Smith Companies, Inc.

W. Smith Discovery Property LLC Documents: (Certificate of Amendment of Name, Second Amended Operating Agreement of Smith Discovery Property LLC, and Resolution of Smith Discovery Property LLC dated 8/17/2005)

X. Smith Partners Holding LLC Documents: (Certificate of Formation, Amended and Restated Limited Liability Company Agreement of Smith Partners Holding LLC, and Resolution of Smith Partners Holding LLC dated 8/17/2005)

Y. Smith Engineering LLC Documents: (Certificate of Amendment of Name, Operating Agreement of Smith Engineering LLC, and Resolution of Smith Engineering LLC dated 8/17/2005)

Z. Smith Engineering Services LLC Documents: (Certificate of Formation, Amended and Restated Operating Agreement of Smith Engineering Services LLC, Resolution of Smith Engineering Services LLC dated 8/17/2005, and Resolution of Smith Engineering Services LLC dated 4/21/2006)

(B) a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to or by which any of the Smith Entities (other than the Smith Parties) is

bound or to which any of the property or assets of any of the Smith Entities (other than the Smith Parties), is subject, or

ACTION TAKEN: Rick Scott performed a noncontravention analysis regarding covenants in debt agreements. Other agreements are supported by representations from Greg Raines and Tom Gray.

CONCLUSION: At the TLC level, all indentures and similar instruments (e.g., those under the Synthetic Letter of Credit facilities) contain investment-grade covenant packages. Of the covenants contained in such agreements, only the restrictions on secured debt have potential noncontravention impact. However, the XYZ transactions do not include secured debt, so they do not conflict with such restrictions.

The only bank facility at the TLC level is the $1.5 billion revolving credit facility, of which Smith Partners is a party. The credit agreement was structured such that the restrictive covenants do not apply to Smith Partners. Consequently, nothing occurring in the XYZ transactions conflicts with the credit agreement.

Covenants in the debt agreements of the Smith subsidiaries do not run to Smith or Smith Partners, so no conflict with the XYZ transactions exists.

Although they did not deliver a legal opinion, White Jones & Gibson reviewed the XYZ transaction as set forth in the S-1 and the relevant Smith agreements. According to Jim Henry, they found no potential conflicts issues.

Exhibits: AA. Back Up Certification Legal Opinion of Tom Gray
BB. Back Up Certification Legal Opinion of Greg Raines

(C) any violation of any order, rule or regulation of any court or governmental agency or body having jurisdiction over any of the Smith Entities (other than the Smith Parties) or any of their properties or assets, except as described in the Prospectus and any such conflicts, breaches, violations or defaults that would not have a Material Adverse Effect.

ACTION TAKEN: This statement is supported by representations from Greg Raines and Tom Gray.

Exhibits: AA. Back Up Certification Legal Opinion of Tom Gray
BB. Back Up Certification Legal Opinion of Greg Raines

(v) Except as described in the Prospectus or the Partnership Agreement, there are no contracts, agreements or understandings between the any of the Smith Entities and any person granting such person the right to require the Partnership to file a registration statement under the Securities Act with respect to any securities of the Partnership Entities owned or to be owned by such person or to require the Partnership to include such securities in the Units registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by any of the Partnership Entities under the Securities Act.

ACTION TAKEN: This statement is supported by representations from Greg Raines and Tom Gray.

Exhibits: AA. Back Up Certification Legal Opinion of Tom Gray
BB. Back Up Certification Legal Opinion of Greg Raines

(vi) To such counselís knowledge, other than as set forth in the Prospectus, there are

no legal or governmental proceedings pending to which any of the Partnership Entities is a party or to which any property or assets of any of the Partnership Entities is the subject which, if determined adversely to such Partnership Entity, might (A) reasonably be expected to have a Material Adverse Effect, or (B) subject the limited partners of the Partnership to any material liability or disability; and, to such counselís knowledge, no such proceedings are threatened or contemplated by governmental authorities or by others.

ACTION TAKEN: and This statement is supported by representations from Greg Raines Tom Gray.

Exhibits:
AA. Back Up Certification Legal Opinion of Tom Gray
BB. Back Up Certification Legal Opinion of Greg Raines

The following resources are included in an appendix to these guidelines: Committee on Legal Opinions, Business Law Section, ABA ìGuidelines for the Preparation of Closing Opinionsî, 57 Bus. Law. 875 (2002); Committee on Legal Opinions, Business Law Section, ABA ìLegal Opinion Principles,î 53 Bus. Law. 831 (1998); Section of Business Law, ABA ìThird Party Legal Opinion Report, including the Legal Opinion Accord,î 47 Bus. Law. 167 (1991); and TriBar Opinion Committee, ìThird-party ëClosingí Opinions: A Report of the TriBar Opinion Committeeî, 53 Bus. Law. 591 (1998).

PAGE
PAGE
Seek outside counsel to provide the requisite opinion (except for certain routine corporate matters on which the company has historical experience).

Seek outside counsel to provide the requisite opinion.

Seek outside counsel to provide the requisite opinion.

Obtain approval from the general counsel to issue a legal opinion.

For example, if an enforceability opinion is to be included, make sure you have reviewed relevant statutory and case law to identify all possible exceptions to enforce-ability in the relevant jurisdictions for inclusion in the opinion.

Research relevant areas of law to ensure accuracy of opinions, including proper scope and limitations.

Draft opinion using a form legal opinion as a starting point.

Obtain approval from the issuing attorney and the general counsel and if the issuing attorney is the general counsel, another member of the opinion committee, before

agreement to any significant variances from the form opinion. (This rule applies even if an exception has been approved in an earlier opinion.)

Compile back-up file containing the opinion, all documents covered by the opinion, any resolutions, certificates or other documents or materials relied upon, and legal research to support the opinion.

Deliver opinion.

Send opinion file to a paralegal supporting the Treasury and securities functions, for retention. (Retention will be in electronic format.)

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