

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN**

K.J. EGLESTON, individually and on behalf of all others
similarly situated

Plaintiff,

Case No. 2:06-13555

v.

HEARTLAND INDUSTRIAL PARTNERS, L.P.,
a Delaware limited liability partnership,

HEARTLAND INDUSTRIAL ASSOCIATES, L.L.C.,
a Delaware limited company, DAVID A. STOCKMAN,
J. MICHAEL STEPP, and BRYCE M. KOTH,

Defendants.

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION, MOTION FOR ATTORNEYS' FEES AND
SETTLEMENT HEARING
(THE "NOTICE")**

This Notice provides you with important information concerning the settlement (the "Settlement") of the above-captioned action (the "Action" or the "Egleston Action"). The Action, originally brought by Plaintiff K. J. Egleston, is against defendants Heartland Industrial Partners, L.P., Heartland Industrial Associates, L.L.C. (the foregoing two entities are occasionally referenced collectively herein as "Heartland"), David A. Stockman, J. Michael Stepp, and Bryce M. Koth. The Action relates to the common stock and notes of Collins & Aikman Corporation ("C&A" or the "Company") during the period described below. Your rights may be affected by this Notice. If you wish to participate in the Settlement you must act by June 8, 2010. You should read this Notice carefully.

TO: The proposed class ("the Class"), consisting of all individuals and entities who purchased or otherwise acquired the securities of C&A during the period between August 6, 2002 and May 17, 2005, inclusive, and who suffered damages.

A federal court authorized this notice. This is not a solicitation from a lawyer.

- The Settlement resolves the Action on behalf of the Class concerning misrepresentations and omissions allegedly made by C&A throughout the Class Period regarding C&A's viability and financial prospects. Excluded from the Class are C&A, Defendants, past or present directors and officers of C&A, members of their immediate families, parents, subsidiaries and affiliates of C&A, and their legal representatives, heirs, successors or assigns and any entity in which any Defendant has or has had a controlling interest, any Released Parties, and, to the extent of their claims in another action called the MainStay Action, MainStay Class Members. Also excluded from the Class are any putative Class Members who exclude themselves by filing a request for exclusion in accordance with the requirements set forth in the Notice.
- The Settlement provides for a recovery of \$12,262,500 in this action (the "Settlement Amount"). The first \$6,762,500 of this shall be paid in cash (the "Cash Consideration") into an escrow account. Of the Cash Consideration, \$6,700,000 will be paid into the escrow account within thirty days of the Court's preliminary approval of the Settlement Agreement and the remaining \$62,500 will be paid into the escrow account thirty days prior to the date set by the Court for the final approval hearing. The remaining \$5,500,000 shall be contributed by Heartland, within thirty days of the Court's approval of the Settlement Agreement in the form of a note payable to the Classes, care of the escrow account (the "Note"). The Note will be payable eight months from the effective date of the settlement (which shall be the first date after the date on which approval of the Settlement is made final, whether on appeal or review, expiration of the time for reargument appeal or review, or otherwise). The Class will also receive interest on the Settlement Amount. The \$12,262,500 Settlement Amount in this, the Egleston Action, plus interest, is referred to herein as the Gross Settlement Fund. The Gross Settlement Fund, less any award of attorneys' fees, reimbursement of litigation expenses and other Court-approved costs (the "Net Settlement Fund"), will be distributed solely to Class Members who timely submit acceptable Proofs of Claim (see Response to Question 8 below). Heartland, Stockman and Stepp are referred to as the "Settling Defendants," except to the extent some of them exercise a right to terminate their participation in the Settlement under certain limited conditions as explained below in Question 13, in which case they are excluded from that definition, are referred to as the "Non-Settling Defendants," and their contribution will not be part of the Settlement Amount.
- In exchange for the payments set forth above, the Class shall release all Released Claims (described below) against the Settling Defendants.

- The Settling Defendants disagree with the Class Representatives on the amount of damages, if any, that could have been recovered if the Class prevailed on each claim at trial. The Class Representative estimates that if all Class Members make a claim against the Gross Settlement Fund, the average recovery, prior to deduction for court approved fees and expenses, will be \$0.46 per share of C&A common stock, based upon an estimate of 49 million shares traded during the Class Period, \$6.50 per 10.75% Note and \$ 1.95 per 12.875% Note (See Question 9 below). **Please note that these amounts are only estimates.**
- Another action, arising from the same facts, against the same Defendants and certain additional defendants, brought on behalf of persons and entities who purchased C&A 10.75% Notes and 12.875% Notes through their duly authorized investment advisor, MacKay Shields LLC, *MainStay High Yield Corporate Bond Fund v. Heartland Industrial Partners, L.P., et al.*, (the "MainStay Action") is being settled, on the same schedule. The total amount for which both actions are being settled is thus \$24,625,000, to be paid \$13,400,000 in cash within 30 days of preliminary approval, \$225,000 in cash 30 days prior to the date set by the Court for final approval, and \$11 million in note form payable eight months from the effective dates of the settlements. The consummation of the Settlement in this, the Egleston Action, is contingent upon the Court's approval of the settlement in the MainStay Action.
- Lead Counsel intends to seek an award of attorneys' fees of up to 33 1/3% of the Settlement Fund, plus interest earned at the same rate earned by the Class. Plaintiffs' Counsel have been litigating this case without any payment whatsoever. In addition, at the final hearing, Lead Counsel will seek reimbursement of the litigation expenses Plaintiffs' Counsel have incurred in connection with the prosecution of this Action, which will not exceed \$950,000. If the Court approves Lead Counsel's fee and expense application, the average reduction to the recovery per share of C&A common stock will be approximately \$0.18 , per 10.75% Note will be \$2.51, and per 12.875% Note will be \$.75.
- Lead Plaintiffs also intend to move the Court to award a payment of not more than \$15,000 to the Class Representative, and potentially, two other individuals, the late K.J. Egleston and Scott Egleston, who served as Lead Plaintiff, for their reasonable costs and expenses (including lost wages) directly relating to the representation of the Class.
- In reaching the Settlement, the Settling Defendants have avoided the cost and time of a trial and Class Representative has agreed to the Settlement to avoid the risk of the dismissal of some or all of the claims of the Class against the Settling Defendants. The Settling Defendants do not believe that they violated the federal securities laws, deny all allegations of wrongdoing asserted against them, and deny that any of C&A's public statements were materially false or misleading. They have also asserted affirmative defenses to the claims alleged in this case. Accordingly, the Settling Defendants assert that they are not liable to the Class for any amount of damages.

YOUR LEGAL RIGHTS AND OPTIONS:	
SUBMIT A CLAIM FORM (JUNE 8, 2010)	This is the only way to receive a payment in the Settlement. A copy of the Proof of Claim form is enclosed, and is also available at www.gardencitygroup.com . See Question 9 below.
EXCLUDE YOURSELF (MAY 18, 2010)	You will not receive any payment in connection with this Settlement. This is the only option that allows you ever to be part of any other lawsuit against the Settling Defendants and/or the Released Parties concerning the legal claims being released in the Settlement. See Response to Question 13, below.
OBJECT (MAY 18, 2010)	File with the Clerk of Court your written concerns or objections to the Settlement, the Plan of Allocation, or the requested attorneys' fees and reimbursement of litigation expenses. See Response to Question 16 below.
ATTEND A HEARING (JUNE 7, 2010)	Ask to speak in Court about the fairness of the Settlement, the Plan of Allocation or the requested attorneys' fees and reimbursement of expenses. See Response to Question 18 below.
DO NOTHING	If you are a Class Member and you do not either submit a Proof of Claim form or request exclusion, you will be bound by the release of the Settling Defendants and Released Parties, you will receive no payment, and you will not be able to bring or pursue any Released Claims in any other lawsuit or arbitration against the Released Parties.

- These rights and options – **and the deadlines to exercise them** – are explained in this Notice. Please note the date of the Fairness Hearing – currently scheduled for June 7, 2010 – is subject to change without further notice. If you plan to attend the hearing, you should check the website, www.gardencitygroup.com, or with Lead Counsel as set forth herein to be sure that no change to the date and time of the hearing has been made.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made to Class Members only if certain conditions set forth in the Stipulation are satisfied, including the Court approving the Settlement and that approval being upheld in appeals that are filed, if any.
- Further information regarding the Settlement may be obtained by contacting Lead Counsel: Wolf Haldenstein Adler Freeman & Herz LLP.

WHAT THIS NOTICE CONTAINS

1. Why did I receive this notice package?	3
2. What is this lawsuit about?.....	3
3. Why is this Action a class action?	4
4. Why is there a Settlement?	4
5. How do I know if I am included in the Settlement?.....	4
6. What if I am still not sure whether I am included as a Class Member?	5
7. What does the Settlement provide?	5
8. Payment pursuant to the Settlement	6
9. How can I receive a payment in the Settlement?	9
10. When will I receive my payment in the Settlement?	9
11. What am I giving up to receive a payment in the Settlement?	9
12. What is the effect of the Bar Order?.....	10
13. How do I exclude myself from the Settlement?	10
14. Do I have a lawyer in the case?	11
15. How will the lawyers for the Class in the Settlement be paid?	11
16. How do I notify the Court if I am opposed to any part of the Settlement, the Plan of Allocation, the request for attorneys' fees and reimbursement of expenses or the Class Representatives' application for reimbursement of time and expenses in the Settlement?.....	11
17. When and where will the Court decide these matters?	11
18. Am I required to appear at the final hearing and may I speak?.....	12
19. What will happen if I am a Class Member in the C&A Securities Action and I do nothing at all?	12

BASIC INFORMATION

1. Why did I receive this notice package?

You or someone in your family may have purchased or otherwise acquired the securities of C&A during the period between August 6, 2002 and May 17, 2005, inclusive and who suffered damages. If the description above applies to you, you may be part of the Class and may have a right to know about the proposed Settlement of the Action and about all of your options.

2. What is this lawsuit about?

On April 13, 2005, the original complaint in the Action was filed in the Southern District of New York as a putative securities class action. On January 15, 2006, a Consolidated Class Action Complaint was filed in the Action. On July 10, 2006, Plaintiff K.J. Egleston was appointed Lead Plaintiff for the proposed class and Wolf Haldenstein Adler Freeman & Herz, LLP was appointed as Lead Counsel for the proposed class. On that date, the action brought by Mr. Egleston was also consolidated with a number of other actions pending in that district and became the lead case of those actions.

On May 17, 2005, C&A filed for bankruptcy protection. C&A subsequently liquidated and no longer exists as an operating business. C&A has no assets from which it could contribute to any settlement in this Action. Further, all of the applicable insurance that C&A carried has been exhausted. No insurance policy exists that could provide a contribution to a settlement in this Action.

On May 4, 2007, a Second Amended Consolidated Class Action Complaint (the "Complaint") was filed in the Action, alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 promulgated thereunder. This, the active complaint, alleges, among other things, that certain of the Defendants engaged in a fraudulent scheme to artificially inflate the price of C&A securities and to deceive Class Members by making misrepresentations and nondisclosures of material fact concerning C&A's prospects.

The Second Amended Complaint alleges that Defendants Stockman, Stepp and Koth engaged in a scheme to conceal and falsely report the true financial condition of C&A throughout the Class Period, including among other things through (i) sham transactions between C&A and a related party; (ii) false reporting of vendor rebate transactions; and (iii) improperly borrowing from one of C&A's lenders, G.E. Capital Corp., against receivables that it was not eligible to borrow against. Heartland is alleged to be liable as a "control person" under the federal securities laws.

On July 31, 2007, Defendants filed motions to dismiss the Complaint in this Action. After oral argument on March 18, 2008, the Court issued a Memorandum of Decision and Order dated March 19, 2008 (the "Order"), denying in whole or in part the motions to dismiss, and finding that plaintiffs' claims under §§10(b), 20(a) and Rule 10b-5 of the Exchange Act were adequately pled.

Once the Court denied the motions to dismiss the Amended Complaint, the Class Representative and Defendants embarked on merits discovery. Plaintiffs' merits discovery has been extensive, including, but not limited to: (i) review of millions of pages of documents produced by Defendants and third-parties and (ii) conduct of more than 25 depositions (some of which extended for two days) of C&A-affiliated personnel, relevant third-parties, and expert witnesses.

On March 23, 2007, both the Securities and Exchange Commission ("SEC") and the United States Attorney's Office for the Southern District of New York announced actions against several persons in connection with the demise of C&A. Four individuals entered pleas of guilty to felonies, while four other individuals, including defendants Stockman and Stepp, were indicted. The SEC filed civil charges against defendants Stockman and Stepp, among other persons.

The criminal charges were dropped against all defendants on January 9, 2009, and those individuals who had entered pleas of guilty were subsequently allowed to withdraw the pleas. Some defendants maintain that the dismissal of the criminal charges demonstrates that they did not commit any fraud. The SEC action remains pending. Fees for the attorneys for the several defendants and witnesses in the SEC action, the criminal proceedings and other matters entirely exhausted all available insurance proceeds.

On January 21, 2009, Scott Egleston replaced K.J. Egleston as Lead Plaintiff in the Action. On July 8, 2009, Craig D. Epstein replaced Scott Egleston as Lead Plaintiff.

On February 24, 2010, the court preliminarily certified this Action as a Class Action and appointed Craig D. Epstein as Class Representative (the "Class Representative").

Based upon the Lead Plaintiffs' independent investigation and the significant volume of documents and information they received in discovery, as well as the absence of insurance and the financial reality of limited assets available to satisfy the claims, the Class Representative and Lead Counsel believe that the Settlement of this Action, which provides for payment of \$12,262,500 in the form of cash and a secured Note, is an excellent recovery for Class Members. Here, C&A is bankrupt, liquidated and has no assets to contribute and all insurance has been exhausted. Further, here, where Defendants argued that the Class Representative would be unable to prove scienter and loss causation and their arguments on loss causation were supported by their expert report, Lead Counsel believe that the Class faced substantial risks in taking this Action to trial. Based on their evaluation, the Class Representative and Lead Counsel have determined that the settlement set forth in this Stipulation is fair, reasonable and adequate and in the best interests of the Class.

The Settling Defendants, while affirmatively denying wrongdoing, fault and liability, consider it desirable and in their best interests that the Action be dismissed against them according to the terms of the proposed Settlement in order to avoid the further expense, uncertainty and distraction of protracted litigation.

3. Why is this Action a Class Action?

In a Class Action, one or more people or entities called a lead plaintiff or a class representative, sue on behalf of other investors who have similar claims based upon their transactions in a given security. All of those people and/or entities are referred to collectively as a "Class," or individually as a "Class Member." One court resolves the issues for all Class Members, except for those persons or entities who exclude themselves from the Class (as explained below).

4. Why is there a Settlement?

The Court did not decide in favor of either the Class Representative or the Defendants in this Action. Instead, the Class Representative and the Settling Defendants agreed to settle before obtaining final rulings from the Court or a jury. As explained above, the Class Representative and Lead Counsel believe the Settlement is beneficial for all Class Members. The Settling Defendants consider it desirable and in their best interests that the Action be dismissed against them under the terms of the proposed Settlement in order to avoid the further expense, uncertainty and distraction of protracted litigation.

5. How do I know if I am included in the Settlement?

You are a Class Member only if you purchased or acquired C&A Notes or common stock during the Class Period. The Class has received preliminary certification by the Court and will include:

All individuals and entities who purchased or otherwise acquired the securities of C&A during the period between August 6, 2002 and May 17, 2005, inclusive and who suffered damages.

The following, however, are **not** Class Members: C&A, Defendants, past or present directors and officers of C&A, members of their immediate families, parents, subsidiaries and affiliates of C&A, and their legal representatives, heirs, successors or assigns and any entity in which any Defendant has or has had a controlling interest, any Released Parties, and, to the extent of their claims in another action called the MainStay Action, MainStay Class Members.

Also excluded from the Class are Persons who exclude themselves by filing a request for exclusion in accordance with the requirements set forth in this Notice as described in Question 13 below.

If one of your mutual funds purchased or owns C&A Notes or common stock that alone does not make you a Class Member. Contact your broker to see whether you purchased C&A Notes or common stock during the Class Period.

6. What if I still am not sure whether I am included as a Class Member?

If you are still not sure whether you are included, you can ask for free help. You can call 1-800-391-7473 or visit www.gardencitygroup.com for more information. Or you can fill out and return the claim form described on page 9, in Question 9, to see if you qualify.

7. What does the Settlement Provide?

The Settlement provides a recovery of \$12,262,500. The first \$6,700,000 of this shall be paid in cash into an escrow account within thirty days of the Court's preliminary approval of the Settlement Agreement and \$62,500 shall be paid in cash into an escrow account thirty days prior to the date set by the Court for final approval of the Settlement. The remaining \$5,500,000 shall be contributed, within thirty days of the Court's preliminary approval of the Settlement Agreement, in the form of a note payable to the Class, care of the escrow account. The Note will be payable 8 months from the effective date of the Settlement (which shall be the first date after the date on which approval of the Settlement is made final, whether on appeal or review, expiration of the time for reargument appeal or review, or otherwise). The foregoing payments consist of: (i) a \$4.5 million payment of cash by Heartland; (ii) \$5.5 million of the value of the Heartland Note, as discussed above; (iii) a \$2.2 million cash payment to be paid by Stockman; and (iv) a \$62,500 cash payment to be paid by Stepp. In the event certain of the Settling Defendants exercise a right to terminate their participation in the Settlement under certain limited conditions as explained below in Question 13, their contribution will not be part of the Settlement Amount. The Class will receive interest on the Settlement Amount. The Settlement Amount plus interest, is referred to herein as the Gross Settlement Fund. The Gross Settlement Fund, less any award of attorneys' fees, reimbursement of litigation expenses and other Court-approved costs (the "Net Settlement Fund"), will be distributed solely to Class Members who timely submit acceptable Proofs of Claim (see Response to Question 8 below).

The Settlement, if approved, will result in the dismissal of the Complaint against all Defendants and the release by all Class Members of all Released Claims against the Released Parties, as defined below in the Response to Question 11.

As indicated above, Lead Counsel estimates that the average recovery under the Settlement after reduction for Court approved fees and expenses will be approximately \$0.28 per share of C&A common stock, \$ 3.99 per each 10.75% Note and \$ 1.20 per each 12.875% Note. The actual recovery of any particular Class Member will depend on the following: (1) the number of claims filed; (2) when a Class Member purchased or acquired C&A securities during the Class Period; (3) whether a Class Member sold or retained their C&A securities during the Class Period and if sold, when that transaction took place; (4) taxes and administrative costs, including the costs of this Notice; (5) whether certain Defendants exercise their rights to terminate their participation in the Settlement and (6) the amount awarded by the Court for attorneys' fees and expenses. Distributions to Class Members will be made based on the Plan of Allocation described below in Response to Question 8, or as otherwise approved by the Court.

As also stated above, another consolidated action, arising from the same facts, against the same Defendants and certain additional defendants, brought on behalf of persons and entities who purchased C&A 10.75% Notes and 12.875% Notes through their duly authorized investment advisor, MacKay Shields LLC, *MainStay High Yield Corporate Bond Fund v. Heartland Industrial Partners, L.P., et al.*, (the "MainStay Action") is being settled on the same schedule. The total amount for which both actions are being settled is thus \$24,625,000, to be paid \$13,400,000 in cash within 30 days of preliminary approval, \$225,000 in cash 30 days prior to the date set by the Court for the final approval hearing, and \$11 million in note form payable eight months from the effective dates of the settlements. The consummation of the Settlement in this, the Egleston Action, is contingent upon the Court's approval of the settlement in the MainStay action.

The Settling Defendants do not agree with the Class Representative as to the maximum amount that the Class could have recovered had the Class Representative prevailed at trial and on appeal. In this regard, the Parties disagree regarding the following issues in connection with liability and damages: (1) whether the Settling Defendants made any false and misleading statements or whether such statements could be attributed to them; (2) whether the Settling Defendants engaged in any deceptive or manipulative conduct; (3) whether the Settling Defendants' conduct or statements were actionable under any law, including the federal securities laws; (4) whether the Settling Defendants made the statements or engaged in the conduct with the requisite knowledge to constitute fraud; (5) whether Heartland is liable as a "controlling person"; (6) the appropriate economic model for determining the amount by which C&A common stock and C&A Notes were allegedly artificially inflated (if at all) during the Class Period; (7) the extent to which the various matters that the Class Representatives allege were materially false or misleading (if at all) influenced and artificially inflated (if at all) the trading price of C&A common stock and Notes at various times during the Class Period; and (8) the extent to which external factors, such as general market conditions, influenced the trading price of C&A common stock and Notes at various times during the Class Period.

The Net Settlement Fund will be divided among all Class Members who submit valid proof of claim forms before the deadline for submission.

8. Payment pursuant to the Settlement

The proposed Plan of Allocation provides for distribution of the Net Settlement Fund to Authorized Claimants is as follows:

Each Person claiming to be a claimant entitled to share in the Net Settlement Fund ("Authorized Claimant") shall be required to submit a separate Proof of Claim signed under penalty of perjury and supported by such documents as specified in the Proof of Claim as are reasonably available to the Authorized Claimant.

All Proof of Claim forms must be postmarked or received by June 8, 2010, addressed as follows:

In re Collins & Aikman Corporation Securities Litigation Settlement (Case No. 2:06-13555)
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9403
Dublin, OH 43017-4503

Unless otherwise ordered by the Court, any Class Member who fails to submit a properly completed and signed Proof of Claim within such period as may be ordered by the Court shall be forever barred from receiving any payments pursuant to the Stipulation, but will in all other respects be subject to the provisions of the Stipulation and the final judgment entered by the Court.

The Net Settlement Fund shall be distributed to members of the Class who submit acceptable Proofs of Claim ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Claim." The Recognized Claim formula is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. Such Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Plan of Allocation may be modified in connection with, among other things, a ruling by the Court, an objection filed by a Class Member, without further notice to the Class.

The Plan of Allocation generally measures the amount of loss that a Class Member can claim under the Settlement for the purpose of making *pro rata* allocations of the cash in the Net Settlement Fund to Class Members who submit acceptable Proofs of Claim. The Plan of Allocation is not a formal damage analysis. The following proposed Plan of Allocation reflects plaintiffs' allegations that the prices of C&A common stock and C&A Notes were artificially inflated during the Class Period due to misrepresentations and/or omissions by Defendants or individuals or entities under their control.

Recognized Claims will be calculated for the purposes of the Settlement as follows:

PLAN FOR DISTRIBUTION OF THE SETTLEMENT FUND TO CLASS MEMBERS

The Settlement Amount and any interest earned thereon shall be the Gross Settlement Fund. The Gross Settlement Fund, less all applicable taxes, approved costs, fees and expenses (the "Net Settlement Fund") shall be distributed to members of the Class who submit acceptable Proofs of Claim ("Authorized Claimants").

The following proposed Plan of Allocation for the Net Settlement Fund reflects Plaintiffs' allegations that the price of C&A's common stock and the C&A Notes were inflated artificially by reason of allegedly false and misleading statements made by Defendants during the Class Period.

Common Stock Purchases

1. With respect to the Net Settlement Fund, "Recognized Claim" is the out-of-pocket loss actually incurred on the purchase and sale of the stock including any sales through August 15, 2005 (90 days after the May 17, 2005 end of the Class Period). Thus, for shares of C&A common stock purchased during the Class Period and still held at the close of trading on August 15, 2005, "Recognized Claim" will be calculated for purposes of the Settlement as equal to the purchase price.

10.75% Notes

1. Based on available price data for C&A debt securities during the relevant period, and on Plaintiffs' Damage Expert's analysis of alleged artificial inflation in the price of C&A's securities during the Class Period, Plaintiffs assert that the prices of C&A's debt securities were inflated by the following amounts for the periods indicated:

Period	Amount of Inflation (per \$100 Face Value) ¹
	10.75% Notes
August 5, 2002 through August 14, 2003	\$3.51
August 15, 2003 through March 16, 2005	\$25.06
March 17, 2005	\$21.55
March 18, 2005	\$21.55
March 21 through May 11, 2005	\$21.55
May 12, 2005	\$6.58
May 13, 2005	\$0.18
May 16, 2005	-\$5.94
May 17, 2005	\$0

2. No claim will be recognized for C&A debt securities purchased during the Class Period that were not owned as of the close of trading on at least one of the following dates: August 14, 2003, March 16, 2005, March 17, 2005, March 18, 2005, May 11, 2005, May 12, 2005, May 13, 2005, May 16, 2005, or May 17, 2005.

3. For C&A 10.75% debt securities purchased during the Class Period and sold at a loss on or before August 15, 2005, "Recognized Claims –Settlement" will be calculated for purposes of the Settlement as **the lesser of (a)** the Inflation per \$100 of face value on the date of purchase, less the Inflation per \$100 of face value on the date of sale, **or (b)** the purchase price paid less the sales proceeds received (all figures net of commissions, accrued interest, etc.).

4. For C&A debt securities purchased during the Class Period and still held at the close of trading on August 15, 2005, "Recognized Claim –Settlement" will be calculated for purposes of the Settlement as the Inflation per \$100 of face value on the date of purchase.

12.875% Notes

1. Based on available price data for C&A debt securities during the relevant period, and on Plaintiffs' Damage Expert's analysis of alleged artificial inflation in the price of C&A's securities during the Class Period, Plaintiffs assert that the prices of C&A's debt securities were inflated by the following amounts for the periods indicated:

Period	Amount of Inflation (per \$100 Face Value) ²
	12.875% Notes
August 5, 2002 through August 14, 2003	N/A
August 15, 2003 through March 16, 2005	\$35.48
March 17, 2005	\$24.88
March 18, 2005	\$18.26
March 21 through May 11, 2005	\$15.03
May 12, 2005	-\$0.23
May 13, 2005	-\$0.88
May 16, 2005	-\$2.16
May 17, 2005	\$0

¹ Negative amount in the price inflation table result from the increase in the price of the C&A Notes on May 17, 2005, which offsets part of the drop from May 12 to May 16, 2005. If a C&A Note is purchased during the Class Period and subsequently sold on a day with negative amounts in the price inflation table, damages are increased by that amount.

² Negative amount in the price inflation table result from the increase in the price of the C&A Notes on May 17, 2005, which offsets part of the drop from May 12 to May 16, 2005. If a C&A Note is purchased during the Class Period and subsequently sold on a day with negative amounts in the price inflation table, damages are increased by that amount.

2. No claim will be recognized for C&A debt securities purchased during the Class Period that were not owned as of the close of trading on at least one of the following dates: August 14, 2003, March 16, 2005, March 17, 2005, March 18, 2005, May 11, 2005, May 12, 2005, May 13, 2005, May 16, 2005, or May 17, 2005.

3. With respect to the Settlement fund to purchasers of 12.875% Notes, the calculation of Recognized Claim –Settlement should be calculated by following the steps set forth in Paragraphs 3 and 4 of the Plan of Allocation set forth above for purchasers or the 10.75% Notes, **AND THEN:**

4. Reducing that total by 70%. (For purchasers of C&A 12.875 % Notes, "Recognized Claim" will equal 30% of those determined by performing the initial calculation because the Plan of Allocation for these purchasers includes a discount that reflects difficulties such purchasers would face in achieving any recovery or certifying any class due to the distribution of these notes entirely by private placement and the Rule 144 process).

PROVISIONS GENERALLY APPLICABLE TO ALL PLANS OF ALLOCATION

The Claims Administrator shall determine each Authorized Claimant's *pro rata* shares of the Net Settlement Funds based upon each Authorized Claimant's Recognized Claim. The Recognized Claim formulas for the Net Settlement Funds are not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the respective Settlements. The Recognized Claim formulas are the basis upon which the Net Settlement Funds will be proportionately allocated to the Authorized Claimants.

In the event a Class Member has more than one purchase or sale of C&A securities, all purchases and sales of a particular security (common stock, 10.75% Notes or 12.875% Notes) shall be matched on a First In First Out ("FIFO") basis. Class Period sales of C&A common stock will be matched first against any shares of C&A Class A common stock held prior to the beginning of the Class Period, and then in chronological order against Class Period purchases. The receipt or grant by gift, devise or operation of law of shares of C&A Class A common stock purchased during the Class Period shall not be deemed a purchase of shares of C&A Class A common stock during the Class Period, nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment.

To the extent a Claimant had a gain from his, her or its overall transactions in C&A stock during the Class Period, the value of the Recognized Claim as to that stock will be zero. To the extent that a Claimant suffered an overall loss on his, her or its overall transactions in C&A stock during the Class Period, but that loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be limited to the amount of the actual loss.

Likewise, to the extent a Claimant had a gain from his, her or its overall transactions in C&A 10.75 % Notes during the Class Period, the value of the Recognized Claim as to those notes will be zero. To the extent that a Claimant suffered an overall loss on his, her or its overall transactions in C&A 10.75 % Notes during the Class Period, but that loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be limited to the amount of the actual loss.

To the extent a Claimant had a gain from his, her or its overall transactions in C&A 12.875 % Notes during the Class Period, the value of the Recognized Claim as to those notes will be zero. To the extent that a Claimant suffered an overall loss on his, her or its overall transactions in C&A 12.875 % Notes during the Class Period, but that loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be limited to the amount of the actual loss.

Class Members who do not submit acceptable Proofs of Claim will not share in the Settlement Proceeds but will nevertheless be bound by the Settlements and the Orders and Final Judgments of the Court dismissing this Action.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the settlement(s). If any funds remain in either of the Net Settlement Funds by reason of un-cashed distributions or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distributions of the Net Settlement Funds cash their distributions, any balance remaining in the Net Settlement Funds one (1) year after the initial distribution of such funds shall be re-distributed to Class Members who have cashed their initial distributions and who would receive at least \$10.00 from such re-distributions, after payment of any unpaid costs or fees incurred in administering the Net Settlement Funds for such re-distributions. If after six months after such re-distributions any funds shall remain in either of the Net Settlement Funds, then such balance(s) shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Plaintiff's Lead Counsel, and approved by the Court after notice to counsel to the Settling Defendants.

If a Proof of Claim is received which lists securities other than C&A common stock or C&A Notes, the Claims Administrator and Lead Plaintiffs' Counsel will assess any Recognized Claim for such security on a case-by-case basis. In no event shall claimants receive more than, in the aggregate, 5% of the Net Settlement Fund in connection with claims for securities other than C&A common stock or the C&A Notes.

Plaintiffs, the Defendants, their respective counsel, and all other Released Parties shall have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Funds, the Net Settlement Funds, the Plan of Allocation or the determination, administration, calculation, or payment of any Proof of Claim or non-performance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Funds or any losses incurred in connection therewith.

OTHER PROVISIONS OF THE PLAN

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Claim, as defined above. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's recognized claim bears to the total of the claims of all Authorized Claimants.

If payment calculates to less than \$10, then such payment shall be equal to \$0. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

The determination of the price paid and the price received shall be exclusive of all commissions, taxes, fees and charges. Therefore, you need to list all purchases, acquisitions, and sales of C&A common stock during the relevant time period. Brokerage commissions and transfer taxes paid by you in connection with your purchase, acquisition and sale of C&A common stock or C&A Notes should not be included in the "total purchase price" and net of the "total proceeds."

The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Class Member on equitable grounds. No person shall have any claim against the Class Representatives or their counsel or any claims administrator or other agent designated by the Class Representatives or their counsel, or against Defendants or Defendants' counsel, based on distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and file a valid and timely Proof of Claim shall be barred from participating in distributions from the Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any judgment(s) entered and the releases given.

Under no circumstances will a Recognized Loss exceed the out-of-pocket loss, not including commissions, taxes or other fees.

The Plan of Allocation is not a material term of the Settlement and the Court may approve a modified version of this Plan of Allocation.

9. How can I receive a payment in the Settlement?

To qualify for payment, you must submit a Proof of Claim form. A Proof of Claim form is enclosed with this Notice. You may also obtain a Proof of Claim form on the Internet at www.gardencitygroup.com. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it postmarked no later than June 8, 2010.

10. When will I receive my payment in the Settlement?

The Court will hold a hearing on June 7, 2010, at 2:30 p.m. to decide whether to approve the Settlement. Even if the Court approves the Settlement, it could take more than a year before the Net Settlement Fund is distributed to the Class Members because the Claims Administrator must process all of the Proof of Claim forms, audit the results and follow up to cure any deficient claims. As a result, the processing of claims is a complicated process which can take many months to complete.

11. What am I giving up to receive my payment in the Settlement?

Unless you exclude yourself, you are agreeing to remain in the Class and that means that if the Settlement is approved you will release all "Released Claims" against the "Released Parties" (as defined below and in the Stipulation which is available on the internet at www.gardencitygroup.com or through the mail upon request, and in the Proof of Claim Form). This means that you no longer have the right to pursue these claims in a court of law against the Defendants (other than any Non-Settling Defendants) or any of the Released Parties. If you remain a member of the Class all of the Court's orders will apply to you and legally bind you.

"Releasers" means Craig D. Epstein and each of the other members of the Egleston Class and MainStay and each of the other members of the MainStay Class, each of whom is a "Releasor," on behalf of themselves, their respective heirs, executors, estates, administrators, predecessors, successors, assigns, and their respective past or present parents, subsidiaries, associates, affiliates, employers, agents, insurers, reinsurers, directors, officers, partners, principals, members, attorneys, financial and other advisors, investment bankers, underwriters, lenders, or other representatives of the foregoing, in their capacities as such.

"Released Claims" shall mean any and all Claims and Unknown Claims by any Releasor against the Released Parties, which have been or could have been asserted relating to the subject matter of the Egleston Action or the MainStay Action by any Releasor. Excluded from the definition of "Released Claims" are any Claims arising from or relating to the enforcement of this Settlement. "Released Claims" also does not include claims pending in any other currently pending litigation of which the Settling Defendants have received actual notice prior to February 17, 2010.

"Released Parties" means Defendants (other than any Non-Settling Defendants) and each of their past or present subsidiaries, parents, general partners, limited partners, members, controlling persons, successors and predecessors, officers, directors, agents, employees, attorneys, advisors, investment advisors, auditors, accountants, insurers, and any person, firm, trust, corporation, officer, director or

other individual or entity in which any Defendants has or has had a controlling interest or which is related to or affiliated with any of the Defendants (including without limitation Heartland Industrial Group, L.L.C.), the legal representatives, heirs, successors in interest or assigns of the Defendants and the parents, spouses, siblings and children of each of the Defendants.

“Settled Defendants’ Claims” means any and all Claims and Unknown Claims against Releasors belonging to the Settling Defendants arising from or relating to the institution, prosecution or settlement of the MainStay Action. Excluded from the definition of “Settled Defendants’ Claims” are any Claims arising from or relating to the enforcement of this Settlement.

“Unknown Claims” means any and all Released Claims which the Lead Plaintiff or Class Members do not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, and any Settled Defendants’ Claims which any Defendant does not know or suspect to exist in his, her or its favor at the time of the release of the Releasors, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement.

Lead Plaintiff and the Defendants acknowledge, and the Class Members and Releasors shall be deemed by operation of law to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Settled Defendants’ Claims was separately bargained for and is a key and fundamental element of the Settlement of which this release is a part.

12. What is the effect of the Bar Order?

Pursuant to the PSLRA, 15 U.S.C. § 78u-4(f)(7), if the Settlement is approved and a Judgment is entered, all future claims for contribution arising out of this Egleston Action or the MainStay Action (i) by any person against the Defendants; and (ii) by the Defendants against any person, other than a person whose liability has been extinguished by the Settlement, will be barred (the “Bar Order”).

The practical effect of this Bar Order is that no person or entity may file or prosecute any lawsuit for contribution against any of the Settling Defendants that arises out of this Egleston Action or the MainStay Action.

If there is a partial termination of the Settlement, there will be a modified bar order including bars to the Non-Settling Defendants and other persons for contribution, indemnification or advancement or other claims seeking to recover liabilities of costs arising out of continued litigation.

13. How do I exclude myself from the Settlement?

To exclude yourself from the Settlement, you must send a letter by mail to the Claims Administrator saying that you want to be excluded from *K.J. Egleston v. Heartland Industrial Partners, L.P., et al.* (Case No. 2:06-cv-13555-GER-RSW). If you wish to exclude yourself from the Class, be sure to include your name, address, telephone number, and signature, and mail your exclusion request postmarked no later than May 18, 2010 to:

In re Collins & Aikman Corporation Securities Litigation Settlement (Case No. 2:06-13555)
c/o The Garden City Group, Inc.
Exclusions
Claims Administrator
P.O. Box 9403
Dublin, OH 43017-4503

Requests for exclusion must also list the amount of C&A common stock and 10.75% and 12.875% Notes purchased, acquired, or sold during the Class Period, the prices paid or received, the date of each transaction and the amount of such Notes or number of shares of C&A common stock held as of the beginning of the Class Period on August 6, 2002 and at the end of the Class Period on May 17, 2005.

You cannot exclude yourself on the website, by telephone or by e-mail. **If you do not follow these procedures – including meeting the date for exclusion set out above – you will not be excluded from the Class, and you will be bound by all of the orders and judgments entered by the Court regarding the Settlement.** You must exclude yourself even if you already have a pending case against any of the Released Parties based upon any Released Claims.

If you ask to be excluded, you will not receive a Settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit.

Heartland, and certain Settling Defendants associated with Heartland, as well as Defendant Stockman, have the option to terminate their participation in the Settlement in the event that members of the Class who purchased in the aggregate, more than a certain total face amount of C&A stock or C&A Notes during the Class Period, or certain members of the class in the MainStay Action, or members of the class in the MainStay Action who purchased Notes in excess of a specified amount, timely and validly request exclusion in accordance with the requirements set forth in this Notice or the Notice in the MainStay Action. This could result in a partial or full termination of the Settlement. In the event of a partial termination, the Settlement would proceed as described above with the Settling Defendants, and the Class would receive payments only from those Settling Defendants.

14. Do I have a lawyer in the case?

The Court approved Lead Counsel to represent you and the other Class Members in the Settlement. If you need to reach an attorney at one of these firms to discuss any aspect of the Settlement, please address your inquiries to the attorneys named in Response to Question 16 below.

If you want to be represented by your own lawyer, you may hire one at your own expense.

15. How will the lawyers for the Class in the Settlement be paid?

Lead Counsel have litigated the Action on an entirely contingent basis, and have advanced the expenses of litigation with the expectation that if they were successful in recovering money for the Class, they would receive fees and be reimbursed for their expenses from the Settlement Fund, as is customary in this type of litigation. Lead Counsel will apply for a fee out of the Settlement Fund of up to 33 1/3% of the Settlement Fund, plus interest earned at the same rate as the Class. Lead Counsel are also seeking reimbursement of the costs and expenses they advanced in connection with the Action, in an amount that will not exceed \$950,000, plus interest earned at the same rate as the Class.

Class Representative, as well as, potentially, two other individuals that previously served as lead plaintiff, will also apply for reimbursement of their reasonable time and expenses (including lost wages) in an amount that will not exceed \$15,000 each.

16. How do I notify the Court if I am opposed to any part of the Settlement, the Plan of Allocation, the request for attorneys' fees and reimbursement of expenses or the Class Representatives' application for reimbursement of time and expenses in the Settlement?

If you are a Class Member you may object to any aspect of the Settlement if you do not like any part of it, including the Plan of Allocation or the request for attorneys' fees and reimbursement of expenses.

To object, you must send a letter stating that you are a Class Member, that you object to the Settlement in *K.J. Egleston v. Heartland Industrial Partners, L.P., et al.*, and the reasons why you object.

In your objection, you must include your name, address, telephone number, and your signature. You must also include information concerning your transactions in C&A securities during the Class Period, including the dates, prices paid or received and amounts purchased, acquired or sold and held at the end of the Class Period, so that the Court may determine that you are part of the Class and have an economic interest in any aspect of the Settlement. If you intend to present any witnesses at the Settlement Fairness Hearing, you must also so state. Your objection must be filed with the Court by May 18, 2010, and received no later than May 18, 2010, by counsel listed below:

Lead Counsel for Plaintiffs

WOLF HALDENSTEIN ADLER
FREEMAN & HERZ LLP
Fred T. Isquith
Thomas H. Burt
Kate M. McGuire
270 Madison Avenue
New York, New York 10016

Settling Defendants' Counsel

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Jonathan J. Lerner
4 Times Square
New York, NY 10036

WILMER, CUTLER, PICKERING HALE AND DORR LLP
Andrew B. Weissman
1875 Pennsylvania Ave., N.W.
Washington, DC 20006

17. When and where will the Court decide these matters?

The Fairness Hearing for the Settlement will be held at 2:30 p.m. on June 7, 2010, at the United States District Court for the Eastern District of Michigan, Theodore Levin U.S. Courthouse, 231 W. Lafayette Blvd., Detroit, Michigan, 48226, in Courtroom 733. At this hearing the Court will consider whether (i) the Settlement is fair, reasonable and adequate (ii) whether the claims against the Settling Defendants should be dismissed with prejudice as set forth in the Stipulation; (iii) whether the Plan of Allocation is fair and reasonable; and (iv) whether the application by Lead Counsel for an award of attorneys' fees and reimbursement of litigation expenses should be approved. The Court may decide to adjourn the Settlement Fairness Hearing without further notice to the Class. The Court may also decide whether and how much to award Lead Plaintiffs for reimbursement of their reasonable time and expenses (including lost wages).

18. Am I required to appear at the final hearing and may I speak?

You do not need to attend the hearing. However, if you have filed an objection to any aspect of the Settlement as provided above, you may ask the Court for permission to speak at the Fairness Hearing for the Settlement. To do so, you must include with your objection, the statement, "I hereby give notice that I intend to appear at the Fairness Hearing in *K.J. Egleston v. Heartland Industrial Partners, L.P., et al.* (Case No. 2:06-cv-13555-GER-RSW). Be sure to include your name, address and telephone number, identify all relevant data concerning your C&A securities, whether they were common stock or Notes, the dates, prices paid or received and amounts purchased, acquired or sold, and held as of the end of the Class Period, and sign the letter. If you intend to have any witnesses testify or to introduce any evidence at the Fairness Hearing, you must list the witnesses and evidence in your objection. Your Notice of Intention to Appear must be postmarked no later than May 18, 2010, and be sent to the Clerk of the Court and the counsel listed above in the answer to Question 16. You cannot speak at the hearing if you exclude yourself.

19. What will happen if I am a Class Member in the C&A Securities Action and I do nothing at all?

If you do not exclude yourself from the Class, and you fail to timely file a Proof of Claim, you will receive no recovery from the Net Settlement Fund. Unless you exclude yourself from the Class, you will not be able to start a lawsuit, continue to litigate a pending lawsuit, or be part of any other lawsuit against the Settling Defendants or the Released Parties for the claims released by the Settlement, ever again. However, as explained in response to Question 12 above, requesting exclusion will not ensure that you will be able to pursue a Settled Claim against any Defendant or Released Party.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

The Court has ordered that if you purchased or acquired C&A Notes or Common stock as nominee for a beneficial owner, then within seven (7) calendar days after you receive this Notice, you must either: (a) send a copy of this Notice and the accompanying Proof of Claim by first class mail to all such beneficial owners; or (b) provide a list of the names and addresses of such beneficial owners to the Claims Administrator at the following address so that the Claims Administrator can provide them with a copy of this Notice and a Proof of Claim form.

In re Collins & Aikman Corporation Securities Litigation Settlement (Case No. 2:06-13555)
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9403
Dublin, OH 43017-4503

You are entitled to reimbursement of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation.

GETTING MORE INFORMATION

This Notice summarizes the proposed Settlement. More details are contained in the Stipulation for the Action which is available at www.gardencitygroup.com. If you have questions regarding how to obtain copies of documents related to this Settlement, completing your Proof of Claim form, correspondence you have received from the Claims Administrator, or the calculation of your Recognized Claim, you may write to The Garden City Group at the address listed above or call it toll free at 1-800-391-7473.

PLEASE DO NOT CONTACT THE COURT