

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:	X	
	)	Chapter 11
)	
COLLINS & AIKMAN CORPORATION, <u>et al.</u> ¹	)	Case No. 05-55927 (SWR)
	)	(Jointly Administered)
Debtors.)	
	)	Honorable Steven W. Rhodes
	X	

THE COLLINS & AIKMAN LITIGATION TRUST’S MOTION TO APPROVE PROCEDURES AND DOCUMENTS FOR DISTRIBUTIONS AND CONSTRUE PROVISIONS OF PLAN AND LITIGATION TRUST AGREEMENT

The Collins & Aikman Litigation Trust (the “Litigation Trust”), as successor to the above-captioned Debtors (collectively, the “Debtors”), moves for entry of an Order, substantially in the form attached to this Motion as **Exhibit A**, clarifying and interpreting certain provisions of (a) the First Amended Joint Plan of Collins & Aikman Corporation and its Debtor Subsidiaries, dated July 9, 2007 (Dckt. No. 7731, the “Plan”), which plan was confirmed by order of this Court dated July 18, 2007 (Dckt. No. 7827, the

¹ The Debtors in the jointly administered cases include: Collins & Aikman Corporation; Amco Convertible Fabrics, Inc., Case No. 05-55949; Becker Group, LLC (d/b/a Collins & Aikman Premier Mold), Case No. 05-55977; Brut Plastics, Inc., Case No. 05-55957; Collins & Aikman (Gibraltar) Limited, Case No. 05-55989; Collins & Aikman Accessory Mats, Inc. (f/k/a the Akro Corporation), Case No. 05-55952; Collins & Aikman Asset Services, Inc., Case No. 05-55959; Collins & Aikman Automotive (Argentina), Inc. (f/k/a Textron Automotive (Argentina), Inc. Case No. 05-55965; Collins & Aikman Automotive (Asia), Inc. (f/k/a Textron Automotive (Asia), Inc.), Case No. 05-55991; Collins & Aikman Automotive Exteriors, Inc. (f/k/a Textron Automotive Exteriors, Inc.), Case No. 05-55958; Collins & Aikman Automotive Interiors, Inc. (f/k/a Textron Automotive Interiors, Inc.), Case No. 05—55956; Collins & Aikman Automotive International, Inc., Case No. 05-55980; Collins & Aikman Automotive International Services, Inc. (f/k/a Textron Automotive International Services, Inc.), Case No. 05-55985; Collins & Aikman Automotive Mats, LLC, Case No. 05-55969; Collins & Aikman Automotive Overseas Investment, Inc. (f/k/a Textron Automotive Overseas Investment, Inc.), Case No. 05-55978; Collins & Aikman Automotive Services, LLC, Case No. 05-55981; Collins & Aikman Canada Domestic Holding Company, Case No. 05-55930; Collins & Aikman Carpet & Acoustics (MI), Inc., Case No. 05-55982; Collins & Aikman Carpet & Acoustics (TN), Inc. Case No. 05-55984; Collins & Aikman Development Company, Case No. 05-55943; Collins & Aikman Europe, Inc., Case No. 05-55971; Collins & Aikman Fabrics, Inc. (d/b/a Joan Automotive Industries, Inc.), Case No. 05-55963; Collins & Aikman Intellimold, Inc. (d/b/a M&C Advanced Processes, Inc.), Case No. 05-55976; Collins & Aikman Interiors, Inc., Case No. 05-55970; Collins & Aikman International Corporation, Case No. 05-55951; Collins & Aikman Plastics, Inc., Case No. 05-55960; Collins & Aikman Products Co., Case No. 05-55932; Collins & Aikman Properties, Inc., Case No. 05-55964; sComet Acoustics, Inc., Case No. 05-55972; CW Management Corporation, Case No. 05-55979; Dura Convertible Systems, Inc., Case No. 05-55942; Gamble Development Company, Case No. 05-55974; JPS Automotive, Inc. (d/b/a PACJ, Inc.), Case No. 05-55935; New Baltimore Holdings, LLC, Case No. 05-55992; Owosso Thermal Forming, LLC, Case No. 05-55946; Southwest Laminates, Inc.; (d/b/a Southwest Fabric Laminators Inc.), Case No. 05-55948; Wickes Asset Management, Inc., Case No. 05-55962; and Wickes Manufacturing Company, Case No. 05-55968.



“Confirmation Order”) and (b) the Litigation Trust Agreement, dated October 12, 2007 (“Litigation Trust Agreement”), between the Reorganized Debtors and Alan B. Miller, in his capacity as Litigation Trust Administrator (“Trustee”), in order to provide for and authorize certain distributions pursuant to the Plan and Litigation Trust Agreement. In support of this Motion , the Litigation Trust respectfully represents as follows:

JURISDICTION

1. This Court has Jurisdiction over this matter pursuant to 28 U.S.C. §1334. This matter is a core proceeding within the meaning of 28 U.S.C. §157(b)(II).

2. The statutory and other bases for the relief requested herein in Section 105(a) of chapter 11 of the Bankruptcy Code, 11, U.S.C. §§101-1330 (the “Bankruptcy Code”) and Article XIII (entitled “Retention of Jurisdiction”), subsections 5, 7, 8, 9 and 12 of the Plan.²

BACKGROUND

3. On May 17, 2005, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors were leading global suppliers of automotive components, systems and modules to many of the world’s largest vehicle manufacturers. Thereafter, the Debtors filed the Plan on July 9, 2007, and on July 18, 2007, the Court entered the Confirmation Order.

4. In order to preserve the claims and causes of action for the avoidance of transfers deemed preferential and/or fraudulent by the Debtors under Subchapter III of Chapter 5 of the Bankruptcy Code, the Debtors commenced 1,162 adversary proceedings

² The relevant provisions of Article XIII of the Plan are annexed to this Motion as collective **Exhibit B**.

in this Court on or prior to May 16, 2007 (the “Avoidance Actions”). Had the Debtors delayed beyond May 16, 2007, the statute of limitations against prosecution of such claims would have barred the claims.

5. In addition, on or shortly before May 16, 2007, the Debtors commenced an action alleging breaches of fiduciary duty, violations of the securities laws of the United States and state law claims for, among other things, accounting malpractice against the former officers, directors, and accountants for the Debtors in the United States District Court for the District of Delaware (the “Stockman Case”).

6. The Litigation Trust has resolved all of the Avoidance Actions with the assistance of the Bankruptcy Court, mediators appointed by the Bankruptcy Court and counsel for the Litigation Trust. The Litigation Trust collected total gross proceeds of \$67,925,596 from the Avoidance Actions and other amounts owed to the Debtors on account of other claims and accounts receivable. From such recoveries, the Litigation Trust paid approximately \$23,532,545 on account of legal fees and out of pocket expenses incurred by the law firms that represented the Litigation Trust in the Avoidance Actions, the fees and out of pocket expenses paid to the mediators appointed by the Bankruptcy Court to facilitate the settlement and resolution of the Avoidance Actions and the general operating and administrative expenses of the Litigation Trust³.

7. In the Fall of 2010, a verbal handshake agreement was reached between counsel for the Litigation Trust and the defendants in the Stockman Case with the

³ The amounts reflected in this sentence are as of June 30, 2011 and the detail may be found in Exhibit A to the Seventh Semi-Annual Report of the Litigation Trust Administrator.

assistance of a retired Federal District Judge who acted as a mediator, pursuant to which the defendants agreed, collectively, to pay the Litigation Trust \$2,100,000 in full and final settlement of all claims by the Litigation Trust. For the last six months, efforts were made to reach final written agreement of this settlement with the assistance of the mediator to facilitate the settlement. The Stockman Case settlement papers have been signed and the Litigation Trust is hopeful that the full amount of this settlement will be received on or before November 30, 2011. Assuming all settling defendants pay their respective shares of the settlement, the amount the Litigation Trust will receive, net of attorneys fees and out of pocket expenses incurred by the Litigation Trust's attorneys, should be approximately \$1.5 million.

8. To date, the Litigation Trust has made four distributions to the holders of Tranche A Interests in the Litigation Trust and three distributions to certain Tranche B Interest holders, as fully described below. Pursuant to the Plan, the holders of Tranche A Interests in the Litigation Trust, the former holders of Class 3 Claims (Pre-Petition Facility Claims), are to receive 75% of all amounts to be distributed by the Litigation Trust. To date, \$34,300,000 in distributions have been made to the Tranche A holders.

9. Under the Plan, the remaining funds not distributed to Tranche A Interest holders are to be divided 86% to holders of Tranche B Interests consisting of the former holders of Senior Note Claims and the Pension Benefit Guarantee Corporation Claims (Class 6 under the Plan).⁴ Such Tranche B holders have received three distributions from

⁴ This percentage includes the amount that would have been distributable to the former holders of Senior Subordinated Note Claims (Class 7 under the Plan) as a consequence of the subordination of such Claims to the Senior Note Claims.

the Litigation Trust aggregating \$9,890,000. The other 14% of the funds not distributed to Tranche A Interest holders are to be distributed to the holders of Tranche B Interests consisting of individuals or entities with allowed, general unsecured Claims (“Class 5 Holders”). \$1,610,000 has been set aside from previous distributions and held by the Litigation Trust for the benefit of the Class 5 Holders, pending distribution of such funds pursuant to the Plan. In addition, \$224,097, representing the Class 5 Holders’ share of the settlement proceeds of the Stockman Case, has just been added to the foregoing reserve making a total of \$1,834,097 held in that reserve.

10. All of the foregoing distributions and the reserve for distribution, together with other funds currently held by the Litigation Trust, less the estimated expenses of future distributions, the continuing costs of maintaining and operating the Litigation Trust, and the costs of the windup of its affairs will be distributed after this motion is determined by the Court.

11. As of the date of filing of this Motion, the Litigation Trust holds \$5,757,554.17 in its bank accounts, including the \$1,834,097 held in reserve for distribution to the Class 5 Holders.

THE ISSUES TO BE RESOLVED

12. This Motion seeks to resolve three issues faced by the Litigation Trust as it prepares for making a distribution. Over 5,000 persons and entities are Class 5 Holders of approximately \$493 million in Tranche B Interests. However, the funds available for distribution to such Class 5 Holders are will be less than \$2 million. This amount includes the \$1.834,097 now held by the Litigation Trust for the Class 5 Holders, their share of the Stockman Case settlement proceeds, and their share of any cash held by the

Litigation Trust not required to complete the windup of its affairs. As a consequence, Class 5 Holders will realize a little more than one fourth of one cent per dollar of Tranche B Interest (*i.e.* \$.0040 for every \$1.00 in Tranche B interest). In order to minimize the substantial costs of distribution to Class 5 Holders, it is the intent of the Litigation Trust to make just one first and final distribution to the Class 5 Holders. As used herein, the phrase “First and Final Distribution” excludes the redistribution of Undeliverable Cash, as that term is defined in paragraph 14, *infra*.

13. Given the relatively small distributions Class 5 Holders will receive, the Plan and the Litigation Trust Agreement provisions specified below require judicial interpretation in order to avoid unnecessary distribution expenses and to provide a fair distribution under the Plan in light of such provisions.

THE UNDELIVERABLE CASH ISSUE

14. The Plan and Litigation Trust Agreement provide that if a Class 5 Holder cannot be located at the address in the Trust’s records, the distribution reverts to the Litigation Trust for two years and then is redistributed to others. (See the Plan, Art. VI.D.2.)⁵ Similarly, if a distribution is a *de minimis* distribution, defined as less than \$25, or if a Class 5 Holder does not complete the required tax forms, the distribution also reverts to the Litigation Trust. (See the Plan, Art. VI.G.2; VI.G.3.)⁶ (Emphasis Supplied).

⁵ The relevant provisions of the Plan and Litigation Trust Agreement relating to undeliverable distributions are annexed to this Motion as collective **Exhibits B and C**, respectively.

⁶ The relevant provisions of the Plan and Litigation Trust Agreement relating to De Minimis distributions and tax documentation requirements are annexed to this Motion as collective **Exhibits B and C**, respectively.

As used in this Motion, all cash not distributable because of the operation of the Plan and the Litigation Trust Agreement provisions referred to in this paragraph is defined as “Undeliverable Cash”.

15. The ambiguity in the Plan and Litigation Trust Agreement requiring this Court’s interpretation is that neither the Plan nor the Litigation Trust Agreement specifies clearly to whom the Undeliverable Cash should be redistributed. Specifically, whether Tranche A or Tranche B Interest holders, other than Class 5 Holders, are to share in the Undeliverable Cash. Therefore, the Litigation Trust respectfully requests that the Court clarify such entitlements. Of equal importance is whether the Litigation Trust must incur the expense of remaining open for two years after it makes what would otherwise be final distributions contemplated by the Plan and the Litigation Trust Agreement, other than the redistribution of Undeliverable Cash.

16. The provisions of the Plan relating to Undeliverable Cash are found in Article VI.D.2(c). It specifies that “Any Holder of an Allowed Claim that does not assert a claim pursuant to the Plan for an undeliverable distribution *** within two years after the later of *** the last date on which a distribution was deliverable will have its claim for such undeliverable distributions discharged and will be forever barred from asserting such claim***”. “Unclaimed Cash originating from the Litigation Trust will become Litigation Trust Assets and transferred to the Litigation Trust free of any restrictions thereon ***”(Emphasis Supplied). It is noted that the Litigation Trust is not required to attempt to locate Class 5 Holders that have either moved their places of business or gone out of business in the almost six and one-half years since the commencement of these cases because the same section of the Plan provides that “[n]othing contained in the Plan

or the law will require any Debtor, any of the Trusts or any Disbursing Agent to attempt to locate any Holder of an Allowed Claim.”(Emphasis Supplied).

17. The Litigation Trust Agreement contains provisions that parallel the Plan provisions relating to undeliverable property in Section 4.3(b) stating that “Any LT Beneficiary that does not assert a claim for an undeliverable distribution of Trust Proceeds *** within two years after the *** (ii) the last date on which a distribution was deliverable, shall no longer have any claim to or interest in the funds represented by such undeliverable istribution. In such cases all title to and all Beneficial Interests in the funds represented by any such undeliverable distribution shall revert to or remain in the Trust and shall be redistributed in accordance with Section 4.2 of this Agreement.”⁷ (Emphasis Supplied).

18. These provisions of the Plan also apply to Undeliverable Cash held by the Litigation Trust because of the failure of a Class 5 Holder to comply with the tax withholding and reporting requirements of the Plan. Reference to the latter requirement is found in Article VI.G.3(a) of the Plan entitled “Compliance with Tax Requirements” that requires that “***each Disbursing Agent [including the Litigation Trust] will comply with all tax withholding and reporting requirements imposed by any governmental unit and all distributions to the Plan are to be subject to such withholding and reporting requirements. Each Disbursing Agent will be authorized to take any actions that may be necessary or appropriate to comply with such withholding and reporting requirements.”(Emphasis Supplied). Like the Plan, and as described above, Section 5.3

⁷ Section 4.2 of the Litigation Trust Agreement is annexed to this Motion in its entirety as part of collective **Exhibit C**.

of the Litigation Trust Agreement also authorizes the Trustee to “***refuse to make a distribution to any LT Beneficiary that fails to furnish such [tax information] in a timely fashion, until such information is delivered ***”(Emphasis Supplied).

19. These provisions regarding redistribution of Undeliverable Cash are unclear. The issue is whether the Plan and the Litigation Trust Agreement should be construed such that all Undeliverable Cash from the First and Final Distributions to the Class 5 Holders of Tranche B Interests should instead be redistributed pro-rata **ONLY** to those Class 5 Holders who have (a) been found at the most current addresses in the records of the Debtors, (b) complied with the Trust’s tax documentation requirements, and (c) received and accepted their First and Final Distributions under the Plan.

20. The Trust recommends that the fairest answer to the questions raised by this Motion would be to allocate and distribute the Undeliverable Cash **ONLY** to those Class 5 Holders that have qualified for and received their First and Final Distributions under the Plan, pro rata according to the number of Tranche B interests each such Class 5 Holder holds. This recommendation is based upon the fact that the Plan distribution scheme allocates to the Tranche A interests a fixed percentage of all amounts to be distributed under the Plan, i.e. 75%, with the remaining 25% to be divided 86% to the former holders of Class 6 claims and 14% to the Class 5 Holders. In other words, under the Plan, the former holders of Class 3 Prepetition Facility Claims are to receive 75% of all net distributable amounts from the Trust; the former holders of the Class 6 Claims are to receive 21.5% (i.e. 84% of the remaining 25%) of the net distributable amounts from the Trust; and the Class 5 Holders are to receive 3.5% (14% of the 25%) of the net distributable amounts from the Trust.

21. If the Undeliverable Cash were to be redistributed to all Tranche A and Tranche B holders as though it were part of the initial distributions under the Plan if certain Class 5 Holders were no longer located at the addresses in the Trust's records, had gone out of business and no longer existed, or were entitled to less than \$25, then the holders of Tranche A and Tranche B Interests other than Class 5 Holders would receive a greater share of the net distributions allowed by the Plan and the Litigation Trust Agreement.

22. This Plan is what is colloquially known as a "pot" plan pursuant to which creditors are to receive pro rata shares of defined pots, i.e. 75%, 21.5% and 3.5% of the pot. Redistributing Undeliverable Cash to creditors other than the Class 5 Holders would not adhere to the percentages of the so-called "pot" contemplated by the scheme for distributions under the Plan. Accordingly, the Trust recommends that Undeliverable Cash should be redistributed only to Class 5 Holders⁸.

THE TWO YEAR CLOSING DELAY ISSUE

23. Article VI.D.2.(c) of the Plan and its counterpart Section 4.3(b) of the Litigation Trust Agreement require that the Trust remain open for a two year period after the last date upon which a distribution is deliverable. To the best of the knowledge of the Trust's administrator, there is no statutory mandate in the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure or other applicable law for a two year delay in closing a

⁸ There exists the possibility that the costs of redistributing the Undeliverable Cash to the Class 5 Holders that receive and accept the First and Final Distributions under the Plan may exceed the amount of the Undeliverable Cash. In that event, the Trust reserves the right to seek a further order of this Court to pay the Undeliverable Cash to a non-profit or charitable entity approved by further order of this Court.

chapter 11 estate or a trust that would require an entity like the Trust to remain in existence for that period of time. The expenses of the Trust during such a two year period would include the cost of (i) maintaining an office and related rent, utilities and insurance; (ii) the preparation and dissemination of semi-annual reports for the Trust and the compensation of the Trust's consultant who prepares the financial report included in each semi annual report; (iii) the Trust Administrator's annual retainer of \$75,000; (iv) the expense of retaining accountants and tax lawyers to prepare tax filings related to distributions from, and operations of, the Trust; (v) the ongoing expenses of the Claims Agent to maintain the electronic records and data base of the Trust and the costs of maintaining storage facilities for the paper records of the Trust; (vi) the continuing costs of insurance coverage for the Trust and the Trust Administrator; and (vii) the costs of extending the life of the Trust as provided in paragraph 25, infra.

24. The Trust is required by the Plan (Article IX.H) and the Litigation Trust Agreement (Section 3.1) to terminate no later than five years after the Effective Date of the Plan (October 12, 2007) unless more than six months prior to the fifth anniversary of the Effective Date application to the Bankruptcy Court is made for one or more finite extensions, such application is granted, and the Trust Administrator receives either an opinion of counsel or a favorable ruling from the IRS that any further extension would not adversely affect the status of the Trust as a grantor trust for federal income tax purposes. If such an extension is required, the application therefore must be made AND GRANTED no later than April 12, 2012 and the aforesaid opinion of counsel or tax ruling secured by that date such that all this probably needs to be put into work at least sixty days earlier, by the beginning of February, 2012.

25. Together, the expenses referred to in paragraphs 24 and 25, supra, if incurred, probably will exceed \$500,000 for a two year period, an amount likely to exceed the amount of Undeliverable Cash that will be unclaimed. The ongoing costs of the Trust described above will have to be reserved and paid by the Trust for a two year period after the First and Final Distributions have been made, unless the relief sought herein is granted. In addition, the Trust Administrator undoubtedly would seek a cash reserve to protect and indemnify him and the Trust against potential claims.

26. The Trust proposes that a large part of the aforesaid costs could be avoided by limiting the period during which the Trust would remain open and claims for Undeliverable Cash could be asserted to a six month period after the First and Final Distributions to Class 5 Holders of Tranche B Interests. Otherwise, the costs involved in continuing the existence of the Trust will significantly erode the recoveries to be received by all Tranche B Interest holders who qualify for and receive distributions (assuming the relief sought by this Motion is not granted). In light of the very small recoveries to be received by the Class 5 Holders, roughly three-tenths of a cent per dollar of claim, the Trust believes that the monies that should be saved by limiting the ongoing costs of maintaining the existence of the Trust to a six month period. The savings would better be used to benefit the Class 5 Holders by a final distribution of Undeliverable Cash eighteen months earlier than the date specified in the Plan and Litigation Trust Agreement.

27. The Trust submits that, as a practical matter, no benefit will accrue to the Class 5 Holders or any other Tranche A or Tranche B holders by extending the life of the Trust for two years after the First and Final Distributions have been made. Six and one

half years have elapsed since these cases were commenced and many persons and entities that are Class 5 Holders have moved, dissolved, become bankrupt, or just abandoned their businesses and homes. Therefore, the Trust submits that it is unlikely that adding an extra eighteen months to the life of the Trust could ever result in persons entitled to Undeliverable Cash to come forward and claim a share of the such cash if they have not done so in the six month period proposed here. Further, it is noted that the six month limitation on the period to pursue claims to Undeliverable Cash is a reasonable proxy for the period to claim Undeliverable Cash as it is identical to the provisions of the New York Uniform Commercial Code, section 4-404, that provides the following:

“A bank is under no obligation to a customer having a checking account to pay a check, other than a certified check, which is presented more than six months after its date, but it may charge its customer’s account for a payment made thereafter in good faith.”⁹

28. Therefore, in order to minimize the costs of maintaining the life of the Trust and maximize the benefits for the holders of all Tranche A and B Interests, the Trust submits that the Court may construe the Trust to have a life of six months after the First and Final Distributions have been made and authorize the Trust to take steps necessary to terminate its existence six months after the First and Final Distributions have been made.

TAX COMPLIANCE FORMS

29. The Plan and the Litigation Trust Agreement specify that holders of Tranche A and Tranche B interests must comply, and enable the Trust to comply, with

⁹ The Litigation Trust Agreement specifies that it is to be governed and construed by the substantive provisions of New York law. The Plan is silent on the issue.

the tax laws. As a result, the Litigation Trust must withhold and pay to the U.S. Treasury amounts owed by persons and entities not entitled to exemptions from such withholding requirements. To ensure compliance, the Trust seeks to provide all such Class 5 Holders with a notice substantially in the form of the Notice of Requirement to Complete and Return IRS Form (“Notice”), attached hereto as **Exhibit D**. The Notice requires that the Class 5 Holders provide the Trust with the relevant IRS forms by a date certain in order to receive their distributions from the Trust. Those requirements have already been complied with by the holders of all Tranche A Interests and Class 6 holders of Tranche B Interest in connection with the distributions that have been made to date.

30. Without this tax information, both the Trust and the Trustee may be liable for failure to withhold as required by the Internal Revenue Code and Regulations. In order to obtain the necessary tax information, the Trust suggests that the date to be supplied in the third paragraph of the Notice will be a date no later than 45 days prior to the date for termination of the Trust. Without this notice, Class 5 Holders would not be advised that their rights to participate in the First and Final Distributions, and their interests will be cut off and terminated.

NOTICE OF THIS MOTION

31. Notice of this Motion has been given to the Core Group and the 2002 List by service of a copy of the motion papers. In addition, the Trust will be publishing a notice, including the substance of the Notice (**Exhibit D**), once in the Wall Street Journal, National Edition, and once in a newspaper of general circulation within this District. In view of: (a) the more than 5,300 Class 5 holders; (b) the modest amount involved; (c) the fact that the only persons who could benefit by objecting to the relief sought herein are

the Tranche A Interest holders and Tranche B Interest holders other than the Class 5 Holders; and (d) that the representatives of such persons and entities are members of the Core Group and the 2002 List who will have received actual notice of this Motion; the Trust submits that no other or further notice is required.

WHEREFORE, the Litigation Trust respectfully requests that this Court grant this Motion, enter the proposed order attached hereto as **Exhibit A**, and grant such other and further relief as is just and proper in the circumstances.

Respectfully submitted,

BOYLE BURDETT

By: /s/H. William Burdett, Jr.
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*Attorneys for the Collins & Aikman
Litigation Trust*

Dated: December 16, 2011

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

	x	
In re:	)	Chapter 11
)	
COLLINS & AIKMAN CORPORATION, <u>et al.</u> ¹	)	Case No. 05-55927 (SWR)
	)	(Jointly Administered)
Debtors.)	
	)	Honorable Steven W. Rhodes
	x	

**NOTICE AND OPPORTUNITY TO RESPOND TO THE
COLLINS & AIKMAN LITIGATION TRUST’S MOTION TO
APPROVE PROCEDURES AND DOCUMENTS FOR DISTRIBUTIONS AND
CONSTRUE PROVISIONS OF PLAN AND LITIGATION TRUST AGREEMENT**

PLEASE TAKE NOTICE THAT the Collins & Aikman Litigation Trust (the “Trust”), as successor to the above-captioned Debtors (collectively, the “Debtors”) pursuant to the First Amended Joint Plan of Reorganization of Collins & Aikman Corporation and its Debtor Subsidiaries as confirmed by the order of the Bankruptcy Court, have filed its Motion to Approve Procedures and Documents for Distributions and Construe Provisions of Plan and Litigation Trust Agreement (the “Motion”).

¹ The Debtors in the jointly administered cases include: Collins & Aikman Corporation; Amco Convertible Fabrics, Inc., Case No. 05-55949; Becker Group, LLC (d/b/a Collins & Aikman Premier Mold), Case No. 05-55977; Brut Plastics, Inc., Case No. 05-55957; Collins & Aikman (Gibraltar) Limited, Case No. 05-55989; Collins & Aikman Accessory Mats, Inc. (f/k/a the Akro Corporation), Case No. 05-55952; Collins & Aikman Asset Services, Inc., Case No. 05-55959; Collins & Aikman Automotive (Argentina), Inc. (f/k/a Textron Automotive (Argentina), Inc. Case No. 05-55965; Collins & Aikman Automotive (Asia), Inc. (f/k/a Textron Automotive (Asia), Inc.), Case No. 05-55991; Collins & Aikman Automotive Exteriors, Inc. (f/k/a Textron Automotive Exteriors, Inc.), Case No. 05-55958; Collins & Aikman Automotive Interiors, Inc. (f/k/a Textron Automotive Interiors, Inc.), Case No. 05—55956; Collins & Aikman Automotive International, Inc., Case No. 05-55980; Collins & Aikman Automotive International Services, Inc. (f/k/a Textron Automotive International Services, Inc.), Case No. 05-55985; Collins & Aikman Automotive Mats, LLC, Case No. 05-55969; Collins & Aikman Automotive Overseas Investment, Inc. (f/k/a Textron Automotive Overseas Investment, Inc.), Case No. 05-55978; Collins & Aikman Automotive Services, LLC, Case No. 05-55981; Collins & Aikman Canada Domestic Holding Company, Case No. 05-55930; Collins & Aikman Carpet & Acoustics (MI), Inc., Case No. 05-55982; Collins & Aikman Carpet & Acoustics (TN), Inc. Case No. 05-55984; Collins & Aikman Development Company, Case No. 05-55943; Collins & Aikman Europe, Inc., Case No. 05-55971; Collins & Aikman Fabrics, Inc. (d/b/a Joan Automotive Industries, Inc.), Case No. 05-55963; Collins & Aikman Intellimold, Inc. (d/b/a M&C Advanced Processes, Inc.), Case No. 05-55976; Collins & Aikman Interiors, Inc., Case No. 05-55970; Collins & Aikman International Corporation, Case No. 05-55951; Collins & Aikman Plastics, Inc., Case No. 05-55960; Collins & Aikman Products Co., Case No. 05-55932; Collins & Aikman Properties, Inc., Case No. 05-55964; sComet Acoustics, Inc., Case No. 05-55972; CW Management Corporation, Case No. 05-55979; Dura Convertible Systems, Inc., Case No. 05-55942; Gamble Development Company, Case No. 05-55974; JPS Automotive, Inc. (d/b/a PACJ, Inc.), Case No. 05-55935; New Baltimore Holdings, LLC, Case No. 05-55992; Owosso Thermal Forming, LLC, Case No. 05-55946; Southwest Laminates, Inc.; (d/b/a Southwest Fabric Laminators Inc.), Case No. 05-55948; Wickes Asset Management, Inc., Case No. 05-55962; and Wickes Manufacturing Company, Case No. 05-55968.

PLEASE TAKE FURTHER NOTICE THAT **your rights may be affected**. You may wish to review the Motion and discuss it with your attorney, if you have one in these cases. If you do not have an attorney, you may wish to consult one.

PLEASE TAKE FURTHER NOTICE THAT if you wish to object to the Court granting the relief sought in the Motion, or if you want the Court to otherwise consider your views on the Objection, no later than January 2, 2011, or such shorter time as the Court may order and of which you may receive subsequent notices, you or your attorney must file with the Court a written response explaining your position at:

United States Bankruptcy Court
211 West Fort Street, Suite 2100
Detroit, Michigan 48226

PLEASE TAKE FURTHER NOTICE THAT if you mail your response to the Court for filing, you must mail it early enough so that the Court will receive it on or before the date above.

PLEASE TAKE FURTHER NOTICE THAT you must also serve your response so that it is received on or before January 2, 2011 by the undersigned attorney.

PLEASE TAKE FURTHER NOTICE THAT if no response to the Motion is timely filed and served, the Court may grant the Motion and enter the order without a hearing as set forth in Rule 9014-1 of the Local Rules for the United States Bankruptcy Court for the Eastern District of Michigan.

Respectfully submitted,

BOYLE BURDETT

By: /s/H. William Burdett, Jr.
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Attorneys for the Collins & Aikman Litigation Trust

Dated: December 16, 2011

EXHIBIT A

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

	X	
In re:	)	Chapter 11
)	
COLLINS & AIKMAN CORPORATION, <u>et al.</u> ¹	)	Case No. 05-55927 (SWR)
	)	(Jointly Administered)
Debtors.)	
	)	Honorable Steven W. Rhodes
	X	

**ORDER GRANTING COLLINS & AIKMAN LITIGATION TRUST’S
MOTION TO APPROVE PROCEDURES AND DOCUMENTS FOR
DISTRIBUTIONS AND CONSTRUE PROVISIONS OF PLAN AND
LITIGATION TRUST AGREEMENT**

This matter having come before the Court upon the motion, dated December 16, 2011 (“Motion”), of the Collins & Aikman Litigation Trust (“Trust”)², to (a) Approve Procedures and Documents For Distributions, and (b) clarify and interpret certain provisions of the (i) Plan, which Plan was confirmed by order of this court dated July 18, 2007 (Dckg. No. 7827), and (ii) the Litigation Trust Agreement, dated October

¹ The Debtors in the jointly administered cases include: Collins & Aikman Corporation; Amco Convertible Fabrics, Inc., Case No. 05-55949; Becker Group, LLC (d/b/a Collins & Aikman Premier Mold), Case No. 05-55977; Brut Plastics, Inc., Case No. 05-55957; Collins & Aikman (Gibraltar) Limited, Case No. 05-55989; Collins & Aikman Accessory Mats, Inc. (f/k/a the Akro Corporation), Case No. 05-55952; Collins & Aikman Asset Services, Inc., Case No. 05-55959; Collins & Aikman Automotive (Argentina), Inc. (f/k/a Textron Automotive (Argentina), Inc. Case No. 05-55965; Collins & Aikman Automotive (Asia), Inc. (f/k/a Textron Automotive (Asia), Inc.), Case No. 05-55991; Collins & Aikman Automotive Exteriors, Inc. (f/k/a Textron Automotive Exteriors, Inc.), Case No. 05-55958; Collins & Aikman Automotive Interiors, Inc. (f/k/a Textron Automotive Interiors, Inc.), Case No. 05—55956; Collins & Aikman Automotive International, Inc., Case No. 05-55980; Collins & Aikman Automotive International Services, Inc. (f/k/a Textron Automotive International Services, Inc.), Case No. 05-55985; Collins & Aikman Automotive Mats, LLC, Case No. 05-55969; Collins & Aikman Automotive Overseas Investment, Inc. (f/k/a Textron Automotive Overseas Investment, Inc.), Case No. 05-55978; Collins & Aikman Automotive Services, LLC, Case No. 05-55981; Collins & Aikman Canada Domestic Holding Company, Case No. 05-55930; Collins & Aikman Carpet & Acoustics (MI), Inc., Case No. 05-55982; Collins & Aikman Carpet & Acoustics (TN), Inc. Case No. 05-55984; Collins & Aikman Development Company, Case No. 05-55943; Collins & Aikman Europe, Inc., Case No. 05-55971; Collins & Aikman Fabrics, Inc. (d/b/a Joan Automotive Industries, Inc.), Case No. 05-55963; Collins & Aikman Intellimold, Inc. (d/b/a M&C Advanced Processes, Inc.), Case No. 05-55976; Collins & Aikman Interiors, Inc., Case No. 05-55970; Collins & Aikman International Corporation, Case No. 05-55951; Collins & Aikman Plastics, Inc., Case No. 05-55960; Collins & Aikman Products Co., Case No. 05-55932; Collins & Aikman Properties, Inc., Case No. 05-55964; sComet Acoustics, Inc., Case No. 05-55972; CW Management Corporation, Case No. 05-55979; Dura Convertible Systems, Inc., Case No. 05-55942; Gamble Development Company, Case No. 05-55974; JPS Automotive, Inc. (d/b/a PACJ, Inc.), Case No. 05-55935; New Baltimore Holdings, LLC, Case No. 05-55992; Owosso Thermal Forming, LLC, Case No. 05-55946; Southwest Laminates, Inc.; (d/b/a Southwest Fabric Laminators Inc.), Case No. 05-55948; Wickes Asset Management, Inc., Case No. 05-55962; and Wickes Manufacturing Company, Case No. 05-55968.

² All capitalized terms used herein shall have the meanings ascribed to them in the Motion unless expressly stated to the contrary herein.

12, 2007, in order to provide for and authorize certain distributions pursuant to the Plan and Litigation Trust Agreement; sufficient notice of the Motion having been given in the manner hereinafter described and no objections having been filed to the Motion or all objections having been withdrawn, resolved or overruled; and the Court having reviewed the Motion and being otherwise fully and duly advised in the premises;

NOW THEREFORE, the Court finds, determines, and orders as follows;

1. Adequate and sufficient notice of the Motion has been given to all persons potentially affected thereby or to their respective legal representatives by first class mail, electronic means and by publication once in the Wall Street Journal (National Edition) and once in a newspaper of general circulation in this District.
2. The Motion is granted in its entirety.
3. The Notice attached as Exhibit 4 to the Motion is approved as containing adequate and sufficient information to be provided to the Class 5 Holders of Tranche B Interests in the Trust.
4. The Trustee shall send a copy of the Notice (Exhibit 4) by first class mail or electronic means to all Class 5 Holders of Tranche B Interests in the Trust, including: (a) those Class 5 Tranche B Holders who are scheduled with general unsecured claims by the Debtors; (b) those Class 5 Tranche B Holders who filed unsecured proofs of claim in the Debtors Chapter 11 Cases; and (c) those Class 5 Tranche B Holders whose claims were

reclassified as general unsecured claims pursuant to prior orders of the Court.

5. Class 5 Tranche B Holders are required to complete and transmit a properly completed and executed IRS Form in the form attached to the Notice (or other applicable IRS Form) to the Trustee, such that it is received by the Trustee within forty-five (45) days after service of the Notice. If a Class 5 Tranche B Holder fails to timely return a properly executed IRS Form within the forty-five (45) day period, its Tranche B Interest in the Trust will be disallowed in its entirety and such Class 5 Class 5 Tranche B Holder will not be entitled or permitted to participate in or receive any distribution whatsoever from the Trust.

6. In the event that the Trust is in possession of Undeliverable Cash after the Trustee makes the First and Final Distributions pursuant to the Plan, such Undeliverable Cash shall be distributed pro-rata **only** to those Class 5 Tranche B Interest Holders who have (a) been found at the most current addresses in the records of the Debtors, (b) complied with the Trust's tax documentation requirements as specified herein, and (c) received and accepted their respective First and Final Distributions under the Plan; provided, however, that if the estimated cost to the Trust of making such a redistribution shall exceed the amount to be redistributed, no such redistribution shall occur without further order of this Court determining the appropriate disposition of such Undeliverable Cash. No holder of a Tranche A interest or Tranche B interest other than the Class 5 Tranche B

Interest Holders that have complied with the requirements of the preceding sentence of this Order shall have any interest in Undeliverable Cash.

7. The provisions of the Plan and Litigation Trust Agreement requiring that the Trust continue to maintain its existence for a period of two years after the First and Final Distributions have been made by the Trust are hereby found to be against the best interests of the holders of Tranche A and Tranche B Interests in the Trust because they will delay unnecessarily the process of terminating the existence Trust and would, if enforced, require the Trust to incur expenses unnecessarily and would diminish the benefits to be received and realized by all holders of interests in the Trust.

Therefore, the Court construes such provisions of the Plan and the Litigation Trust Agreement be against the interests of the Tranche A and Tranche B Interest Holders of the Trust.

8. Accordingly, the Court hereby authorizes the Trustee to all actions necessary to terminate the existence of the Trust six months after the later to occur of the completion of (a) the First and Final Distributions to the Class 5 Tranche B Interest Holders of the Trust or (b) the redistribution of Undeliverable Cash to Class 5 Tranche B Interest Holders.

EXHIBIT B

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:	) Chapter 11
)
COLLINS & AIKMAN CORPORATION, <u>et al.</u> ¹	) Case No. 05-55927 (SWR)
	) (Jointly Administered)
Debtors.)
	) (Tax Identification #13-3489233)
)
	) Honorable Steven W. Rhodes

**FIRST AMENDED JOINT PLAN OF
COLLINS & AIKMAN CORPORATION AND ITS DEBTOR SUBSIDIARIES**

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Dated: July 9, 2007

¹ The Debtors in the jointly administered cases include: Collins & Aikman Corporation; Amco Convertible Fabrics, Inc., Case No. 05-55949; Becker Group, LLC (d/b/a/ Collins & Aikman Premier Mold), Case No. 05-55977; Brut Plastics, Inc., Case No. 05-55957; Collins & Aikman (Gibraltar) Limited, Case No. 05-55989; Collins & Aikman Accessory Mats, Inc. (f/k/a the Akro Corporation), Case No. 05-55952; Collins & Aikman Asset Services, Inc., Case No. 05-55959; Collins & Aikman Automotive (Argentina), Inc. (f/k/a Textron Automotive (Argentina), Inc.), Case No. 05-55965; Collins & Aikman Automotive (Asia), Inc. (f/k/a Textron Automotive (Asia), Inc.), Case No. 05-55991; Collins & Aikman Automotive Exteriors, Inc. (f/k/a Textron Automotive Exteriors, Inc.), Case No. 05-55958; Collins & Aikman Automotive Interiors, Inc. (f/k/a Textron Automotive Interiors, Inc.), Case No. 05-55956; Collins & Aikman Automotive International, Inc., Case No. 05-55980; Collins & Aikman Automotive International Services, Inc. (f/k/a Textron Automotive International Services, Inc.), Case No. 05-55985; Collins & Aikman Automotive Mats, LLC, Case No. 05-55969; Collins & Aikman Automotive Overseas Investment, Inc. (f/k/a Textron Automotive Overseas Investment, Inc.), Case No. 05-55978; Collins & Aikman Automotive Services, LLC, Case No. 05-55981; Collins & Aikman Canada Domestic Holding Company, Case No. 05-55930; Collins & Aikman Carpet & Acoustics (MI), Inc., Case No. 05-55982; Collins & Aikman Carpet & Acoustics (TN), Inc., Case No. 05-55984; Collins & Aikman Development Company, Case No. 05-55943; Collins & Aikman Europe, Inc., Case No. 05-55971; Collins & Aikman Fabrics, Inc. (d/b/a Joan Automotive Industries, Inc.), Case No. 05-55963; Collins & Aikman Intellimold, Inc. (d/b/a M&C Advanced Processes, Inc.), Case No. 05-55976; Collins & Aikman Interiors, Inc., Case No. 05-55970; Collins & Aikman International Corporation, Case No. 05-55951; Collins & Aikman Plastics, Inc., Case No. 05-55960; Collins & Aikman Products Co., Case No. 05-55932; Collins & Aikman Properties, Inc., Case No. 05-55964; Comet Acoustics, Inc., Case No. 05-55972; CW Management Corporation, Case No. 05-55979; Dura Convertible Systems, Inc., Case No. 05-55942; Gamble Development Company, Case No. 05-55974; JPS Automotive, Inc. (d/b/a PACJ, Inc.), Case No. 05-55935; New Baltimore Holdings, LLC, Case No. 05-55992; Owosso Thermal Forming, LLC, Case No. 05-55946; Southwest Laminates, Inc. (d/b/a Southwest Fabric Laminators Inc.), Case No. 05-55948; Wickes Asset Management, Inc., Case No. 05-55962; and Wickes Manufacturing Company, Case No. 05-55968.



by the parties thereto in accordance with their terms) will remain in full force and effect without modification by the Plan and, on and after the Effective Date, will be performed by the Post-Consummation Trust in the ordinary course of its business in accordance with the terms and conditions thereof. For greater clarity, nothing in the Plan, including Article XII.B and Article XII.E, is intended, nor will it, discharge, release or enjoin the enforcement of any unmatured, unliquidated or contingent Claim of any OEM or Nissan North America, Inc. under any Post-Petition Customer Contract; provided that, except to the extent otherwise provided in the Customer Agreement or the NNA Agreement, no such Claim will give rise to an Administrative Claim. Notwithstanding anything to the contrary in the Plan, including the foregoing provisions of this Article V.H, the Post-Consummation Trust will have no obligation to pay or perform any Claim that (i) is released pursuant to the Customer Agreement, the NNA Agreement or the Plan; or (ii) arises from any breach of a purchase order, supply contract, the Customer Agreement or any other obligations of the Debtors (including any such obligations that may be assumed by the Post-Consummation Trust) related to manufacturing component parts for the Customers (as such term is defined in the Customer Agreement), excluding Hermosillo, except to the extent, if any, that such Customers or Nissan North America, Inc. would be entitled to an administrative claim against the Debtors for such Claim in accordance with Section 9 of the Customer Agreement or the NNA Agreement, respectively. The Post-Consummation Trust may assign any of the Post-Petition Customer Contracts only in accordance with the terms of the Customer Agreement or the NNA Agreement, as applicable.

ARTICLE VI.

PROVISIONS GOVERNING DISTRIBUTIONS

A. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in this Article VI and as to DIP Facility Claims and Prepetition Facility Claims, distributions of Cash to be made on the Effective Date to Holders of Claims that are allowed as of the Effective Date will be deemed made on the Effective Date if made on the Effective Date or as promptly thereafter as practicable, but in any event no later than: (i) 90 days after the Effective Date; and (ii) 90 days after such later date when the applicable conditions of Article V.B (regarding cure payments for Executory Contracts and Unexpired Leases being assumed), Article VI.D.2 (regarding undeliverable distributions) or Article VI.I (regarding surrender of canceled instruments and securities) are satisfied. Distributions on account of Claims that become Allowed Claims after the Effective Date will be made pursuant to Article VI.G and Article VII.C.

For tax purposes, distributions received in respect of Allowed Claims will be allocated first to the principal amount of the Allowed Claims with any excess allocated to unpaid interest that accrued on such Claims.

B. Method of Distributions to Holders of Claims

The Post-Consummation Trust, or such Third Party Disbursing Agents as the Post-Consummation Trust may employ in its sole discretion, will make all distributions required under the Plan on behalf of Administrative Claims, Priority Claims, Other Secured Claims, Other Priority Claims and Prepetition Facility Claims (to the extent the Plan provides such distributions are to come from the Post-Consummation Trust). The Litigation Trust, or such Third Party Disbursing Agents as the Litigation Trust may employ in its sole discretion, will make all distributions required under the Plan on behalf of Prepetition Facility Claims (to the extent the Plan provides such distributions are to come from the Litigation Trust) and Claims in Classes 5, 6 and 7. Notwithstanding the foregoing, the Litigation Trust will employ the Senior Note Indenture Trustee and the Senior Subordinated Note Indenture Trustee as Third Party Disbursing Agents with respect to any distributions to the Holders of the Senior Notes and the Holders of Senior Subordinated Notes, respectively, if such Indenture Trustees have offered to provide such services on reasonable and customary commercial terms. Each Disbursing Agent and Third Party Disbursing Agent will serve without bond, and any Disbursing Agent and Third Party Disbursing Agent may employ or contract with other Persons to assist in or make the distributions required by the Plan.

C. Compensation and Reimbursement for Services Related to Distributions

Each Third Party Disbursing Agent providing services related to distributions pursuant to the Plan will receive from the Trust that employs it reasonable compensation for such services and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services without Bankruptcy Court approval. These payments will be made on terms agreed to with the employing Trust.

D. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Delivery of Distributions

(a) Generally

Except as provided in Article VI.D.1(b), distributions to Holders of Allowed Claims will be made by a Disbursing Agent: (i) to the addresses set forth on the respective proofs of Claim Filed by Holders of such Claims; (ii) to the addresses set forth in any written certification of address change delivered to the relevant Disbursing Agent (including pursuant to a letter of transmittal delivered to the relevant Disbursing Agent) after the date of Filing of any related proof of Claim; or (iii) to the addresses reflected in the applicable Debtor's Schedules if no proof of Claim has been Filed and the relevant Disbursing Agent has not received a written notice of a change of address.

(b) Special Provision for Distribution to Holders of the Prepetition Facility Claims

Distributions of Cash to the Holders of Prepetition Facility Claims will be made by the Plan Administrator or a Disbursing Agent to the Agent for the Pro Rata benefit of the Holders of Prepetition Facility Claims. Distributions of Cash to the Agent will be effected by wire transfer of immediately available funds.

(c) Special Provisions for Distributions to Holders of the Senior Note Claims and Senior Subordinated Note Claims

Subject to the requirements of Article VI.I, distributions to Holders of Allowed Senior Note Claims and Senior Subordinated Note Claims, if any, will be made by a Disbursing Agent to the record holders of the Senior Notes or the Senior Subordinated Notes, as applicable, as of the Distribution Record Date as identified on a record holder register to be provided to the Disbursing Agent by the Senior Note Indenture Trustee or the Senior Subordinated Note Indenture Trustee, as applicable, within five Business Days after the Distribution Record Date. This record holder register will provide the name, address and holdings of each respective registered Holder of Senior Notes or Senior Subordinated Notes, as applicable, as of the Distribution Record Date.

2. Undeliverable Distributions Held by the Disbursing Agents

(a) Holding and Investment of Undeliverable Distributions

If any distribution to a Holder of an Allowed Claim is returned to a Disbursing Agent as undeliverable, no further distributions will be made to such Holder unless and until the applicable Disbursing Agent is notified by written certification of such Holder's then-current address. Undeliverable distributions will remain in the possession of the applicable Disbursing Agent pursuant to this Article VI.D.2(a) until such time as a distribution becomes deliverable. Undeliverable Cash will be held in segregated bank accounts in the name of the applicable Disbursing Agent for the benefit of the potential claimants of such funds. Any Disbursing Agent holding undeliverable cash will invest such Cash in a manner consistent with the investment and deposit guidelines of the Post-Consummation Trust or the Litigation Trust, as applicable.

(b) After Distributions Become Deliverable

On each distribution date provided for in the Post-Consummation Trust Agreement and Litigation Trust Agreement, as the case may be, the applicable Trust or the applicable Disbursing Agents will make distributions to the Beneficiaries of such Trust in accordance with the Plan and the relevant Trust Agreement. Each such distribution will include, to the extent applicable, a Pro Rata share of the Cash Investment Yield from the investment of any undeliverable cash from the date that such distribution would have first been due had it then been deliverable to the date that such distribution becomes deliverable.

(c) Failure to Claim Undeliverable Distributions

Any Holder of an Allowed Claim that does not assert a claim pursuant to the Plan for an undeliverable distribution to be made by a Disbursing Agent within two years after the later of (i) the Effective Date and (ii) the last date on which a distribution was deliverable will have its claim for such undeliverable distribution discharged and will be forever barred from asserting any such claim against the Post-Consummation Trust or its respective property. Unclaimed Cash originating from the Post-Consummation Trust will become Post-Consummation Trust Assets and transferred to the Post-Consummation Trust, free of any restrictions thereon, and any such Cash held by a Third Party Disbursing Agent will be returned to the Post-Consummation Trust. Unclaimed Cash originating from the Litigation Trust will become Litigation Trust Assets and transferred to the Litigation Trust, free of any restrictions thereon, and any such Cash held by a Third Party Disbursing Agent will be returned to the Litigation Trust. Nothing contained in the Plan or the law will require any Debtor, any of the Trusts or any Disbursing Agent to attempt to locate any Holder of an Allowed Claim.

E. Distribution Record Date

1. As of the close of business on the Distribution Record Date, the respective transfer registers for the Prepetition Facility Claims, the Senior Notes and the Senior Subordinated Notes, as maintained by the Debtors, the Agent or the Indenture Trustees, as applicable, will be closed. The applicable Disbursing Agent will have no obligation to recognize the transfer or sale of any Prepetition Facility Claim, Senior Note Claim or Senior Subordinated Note Claim that occurs after the close of business on the Distribution Record Date, and any Disbursing Agent will be entitled for all purposes herein to recognize and make distributions only to those Holders of Prepetition Facility Claims, the Holders of Senior Note Claims or the Holders of Senior Subordinated Note Claims who are Holders of such Claims as of the close of business on the Distribution Record Date.

2. Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of Claims in Classes 3, 5, 6 and 7 that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Distribution Record Date will be treated as the Holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Distribution Record Date.

F. Means of Cash Payments

Except as otherwise specified herein, Cash payments made pursuant to the Plan will be in U.S. currency by checks drawn on a domestic bank selected by the applicable Debtor or the applicable Trust or, at the option of the applicable Debtor or the applicable Trust, by wire transfer from a domestic bank; provided that Cash payments to foreign Holders of Allowed Claims may be made, at the option of the applicable Debtor or the applicable Trust, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction. Cash payments made pursuant to the Plan on behalf of DIP Facility Claims and Prepetition Facility Claims will be made to the respective administrative agent on the Effective Date and future distribution dates by wire transfer of immediately available funds.

G. Timing and Calculation of Amounts to Be Distributed

1. Allowed Claims

Subject to Article VI.A, on the Effective Date, each Holder of an Allowed Claim will receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class as of the Effective Date. On each Quarterly Distribution Date, distributions also will be made, pursuant to Article VII.C, to Holders of Disputed Claims in any such Class that were Allowed during the preceding calendar quarter and to Holders of Allowed Claims entitled to post-Consummation payments from the Post-Consummation Trust or the Litigation Trust, as applicable, pursuant to the Plan. Such quarterly distributions also will be in the full amount that the Plan provides for Allowed Claims in the applicable Class.

2. De Minimis Distributions

No Disbursing Agent will distribute Cash to the Holder of an Allowed Claim in an Impaired Class if the amount of Cash to be distributed on account of such Claim is less than \$25. Any Holder of an Allowed Claim on account of which the amount of Cash to be distributed is less than \$25 will have its claim for such distribution discharged and will be forever barred from asserting any such claim against any of the Trusts or their respective property. Any such Cash that is retained by the Post-Consummation Trust or the Litigation Trust on account of this provision will be made available for the distribution to Holders of all other Allowed Claims that are permissible under the terms of the Plan.

3. Compliance with Tax Requirements

(a) In connection with the Plan, to the extent applicable, each Disbursing Agent will comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Plan will be subject to such withholding and reporting requirements. Each Disbursing Agent will be authorized to take any actions that may be necessary or appropriate to comply with such withholding and reporting requirements.

(b) Notwithstanding any other provision of the Plan, each Person receiving a distribution of Cash pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on it by any governmental unit on account of such distribution, including income, withholding and other tax obligations.

H. Setoffs

Except with respect to claims of a Debtor or a Trust released pursuant to the Plan or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, each Trust or, as instructed by the applicable Debtor or applicable Trust, a Third Party Disbursing Agent may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim) the claims, rights and causes of action of any nature that any Debtor or Trust may hold against the Holder of such Allowed Claim; provided that neither the failure to effect a setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the applicable Debtor or the applicable Trust of any claims, rights and Causes of Action that the Debtor or the Post-Consummation Trust may possess against such Holder of a Claim.

I. Surrender of Canceled Instruments or Securities

As a condition precedent to receiving any distribution pursuant to the Plan on account of an Allowed Claim evidenced by Senior Notes or Senior Subordinated Notes, the Holder of such Claim must tender, as specified in this Article VI.I, the applicable Senior Notes or Senior Subordinated Notes to the Litigation Trust or Disbursing Agent, together with any letter of transmittal required by the Litigation Trust or Disbursing Agent. Pending such surrender, any distributions pursuant to the Plan on account of any such Claim will be treated as an undeliverable distribution

the Non-Released Parties for any acts they have taken, whether in contemplation of the restructuring of the Debtors, in confirming or consummating the Plan, or otherwise.

E. Injunction

1. Except as otherwise provided in the Plan, or in respect of the OEM Excluded Claims or the NNA Excluded Claims, the Confirmation Order or the Customer Agreement, as of the Effective Date, all Persons that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Equity Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated Equity Interests or rights: (a) commencing or continuing in any manner any action or other proceeding against the Debtors, any of the Trusts or their respective property, other than to enforce any right to a distribution pursuant to the Plan; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, any of the Trusts or their respective property, other than as permitted pursuant to (a) above; (c) creating, perfecting or enforcing any lien or encumbrance against the Debtors, any of the Trusts or their respective property; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors or any of the Trusts; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

2. Except as otherwise provided in the Plan, or in respect of the OEM Excluded Claims or the NNA Excluded Claims, the Confirmation Order or the Customer Agreement, as of the Effective Date, all Persons that have held, currently hold or may hold any claims, causes of action and any other debts, obligations, rights, suits, damages, actions, interests, remedies or liabilities that are released pursuant to the Plan are permanently enjoined from taking any of the following actions against any released Person or its property on account of such released claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities: (a) commencing or continuing in any manner any action or other proceeding; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (c) creating, perfecting or enforcing any lien or encumbrance; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released Person; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

3. By accepting distributions pursuant to the Plan, each Holder of an Allowed Claim receiving distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth in this Article XII.E.

ARTICLE XIII.

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain such jurisdiction over the Chapter 11 Cases after the Effective Date as is legally permissible, including jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim, Priority Claim, Secured Claim and Unsecured Claim and the resolution of any objections to the allowance, priority or classification of Claims or Equity Interests;

2. Determine any matters related to or in connection with the Soft-Trim Sales Transaction and the Remaining Sales Transactions.

3. Grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan for periods ending on or before the Effective Date;

4. Resolve any matters related to the assumption, assumption and assignment or rejection of any Executory Contract or Unexpired Lease to which any Debtor is a party or with respect to which any Debtor or the Post-Consummation Trust may be liable and to hear, determine and, if necessary, liquidate any Claims arising therefrom, including any Cure Amount Claims;

5. Ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

6. Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, and grant or deny any applications involving the Debtors that may be pending on the Effective Date or brought thereafter;

7. Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents entered into or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order;

8. Resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Plan or any contract, instrument, release or other agreement or document that is entered into or delivered pursuant to the Plan or any Person's rights arising from or obligations incurred in connection with the Plan or such documents;

9. Modify the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code; modify the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order; or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document entered into, delivered or created in connection with the Plan, the Disclosure Statement or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan;

10. Issue injunctions, enforce the injunctions contained in the Plan and the Confirmation Order, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with Consummation, implementation or enforcement of the Plan or the Confirmation Order;

11. Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked or vacated or distributions pursuant to the Plan are enjoined or stayed;

12. Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order;

13. Determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code, including any Disputed Claims for taxes; and

14. Enter a Final Decree closing the Chapter 11 Cases.

ARTICLE XIV.

MISCELLANEOUS PROVISIONS

A. Dissolution of the Creditors Committee

Effective thirty (30) days after the Effective Date, if no appeal of the Confirmation Order is then pending, the Creditors Committee will dissolve and the members of the Creditors Committee will be released and discharged from all duties and obligations arising from or related to the Chapter 11 Cases. The legal Professionals retained by

EXHIBIT C

C&A LITIGATION TRUST AGREEMENT

C&A LITIGATION TRUST AGREEMENT, dated as of October 12, 2007 (this "Agreement"), by and among COLLINS & AIKMAN CORPORATION and each of its subsidiaries a party hereto, in their capacities as debtors and debtors in possession and on behalf of themselves and their respective chapter 11 estates (each a "Debtor" and, collectively, the "Debtors"), as settlors, and ALAN B. MILLER, as trustee of the Trust referred to herein (in such capacity, the "Litigation Trust Administrator"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the First Amended Joint Plan of Collins & Aikman Corporation and Its Debtor Subsidiaries dated February 9, 2007.

Background

A. On May 17, 2005, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court;

B. On or about July 18, 2007, the Bankruptcy Court entered an order (the "Confirmation Order") confirming the Plan;

C. The Plan provides that, on the Effective Date, the Debtors shall grant, assign, transfer, convey and deliver all of their right, title, and interest in and to the Litigation Trust Assets (also sometimes referred to herein as the "Trust Assets") to the C&A Litigation Trust (also sometimes referred to herein as the "Trust") on behalf, and for the benefit, of the holders of Allowed Prepetition Facility Claims and Allowed Class 5, 6, and 7 Claims and each of their respective successors, assigns and heirs (collectively, the "LT Beneficiaries") solely for distribution to or on behalf of the LT Beneficiaries in accordance with this Agreement, the Plan and the Confirmation Order;

D. The Trust is being created pursuant to this Agreement for the purposes of liquidating the Trust Assets and distributing or utilizing the proceeds thereof (the "Trust Proceeds") to or for the benefit of the LT Beneficiaries, as described in Articles IV.C and IX of the Plan; and

E. The Litigation Trust Administrator shall have all powers necessary to implement the provisions of this Agreement and administer the Trust, including, without limitation, the power to: (i) prosecute for the benefit of the LT Beneficiaries any Causes of Action that may from time to time be held by the Trust; (ii) preserve, maintain and liquidate the Trust Assets; (iii) distribute to or utilize the Trust Proceeds for the benefit of the LT Beneficiaries; (iv) object to and reconcile disputed Class 5, 6 and 7 Claims under the supervision and direction of the Litigation Trust Committee member(s) appointed by the Creditors Committee; and (v) otherwise perform the functions and take the actions provided for or permitted in the Plan, this Agreement or in any other agreement executed pursuant to the Plan, in each case subject to the provisions of Section 6.3 of this Agreement regarding the Litigation Trust Committee.

Agreement

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the Debtors and the Litigation Trust Administrator agree as follows:

services and reimbursement of reasonable, documented out-of-pocket expenses incurred in connection with such services.

(h) Limited Charging Liens of Indenture Trustees. Any distributions to or on behalf of the Holders of the Senior Notes or the Senior Subordinated Notes shall remain subject to the limited charging liens of the respective Indenture Trustee, and the applicable Indenture Trustee shall have the right to enforce such limited charging liens against such distributions, each as set forth in Section III.D of the Plan.

4.3 Undeliverable Property.

(a) If any distribution of Trust Proceeds or other Trust Property to or on behalf of a LT Beneficiary is returned to the Litigation Trust Administrator or its agent as undeliverable, no further distribution to such LT Beneficiary shall be made unless and until the Litigation Trust Administrator or its agent is notified in writing of such LT Beneficiary's then-current address. For purposes of this Agreement, undeliverable distributions shall include checks sent to a LT Beneficiary, respecting distributions to such LT Beneficiary, which checks have not been cashed within six months following the date of issuance of such checks. Undeliverable distributions shall remain in the possession of the Litigation Trust Administrator or its agent until the next distribution date that the relevant distribution becomes deliverable (in which event it shall be distributed to such LT Beneficiary), subject to Section 4.3(b) hereof.

(b) Any LT Beneficiary that does not assert a claim for an undeliverable distribution of Trust Proceeds or other Trust Property held by the Trust within two years after the later of (i) the Effective Date and (ii) the last date on which a distribution was deliverable, shall no longer have any claim to or interest in the funds represented by such undeliverable distribution. In such cases, all title to and all Beneficial Interests in the funds represented by any such undeliverable distributions shall revert to or remain in the Trust and shall be redistributed in accordance with Section 4.2 of this Agreement.

4.4 Reports.

(a) The Litigation Trust Administrator shall deliver reports to members of the Litigation Trust Committee, not later than 15 days prior to each Quarterly Distribution Date, which reports shall specify in reasonable detail: (i) the status of the Litigation Trust Claims and other Assets and Causes of Action assigned to the Trust, including any settlements entered into by the Litigation Trust; (ii) the fees and expenses of the Trust, the Litigation Trust Administrator and the Litigation Trust Professionals incurred and/or earned during the most recent calendar quarter; (iii) the aggregate fees and expenses of the Trust, the Litigation Trust Administrator and the Litigation Trust Professionals incurred and/or earned since the date of this Agreement; (iv) the amount of Trust Proceeds received by the Trust during the most recent calendar quarter; (v) the aggregate amount of Trust Proceeds received by the Trust since the date of this Agreement; (vi) the calculation of the Trust Property Available for Distribution for the next Quarterly Distribution Date, including the amounts of available Trust Proceeds and the Expense Reserve; (vii) the aggregate amount of distributions from the Trust to or on behalf of LT Beneficiaries since the date of this Agreement; and (viii) such other information as the Litigation Trust Committee may reasonably request from time to time. The Litigation Trust Administrator shall

Administrator. At the Litigation Trust Administrator's discretion, all of such records and documents may be destroyed at any time following the date that is six years after the final distribution of Trust Property (unless such records and documents are necessary to fulfill the Litigation Trust Administrator's obligations pursuant to Sections 4.7(a) and 6.1 hereof) subject to the terms of any joint prosecution and common interests agreement(s) to which the Litigation Trust Administrator may be a party. Except as otherwise specifically provided herein, upon the final distribution of Trust Property, the Litigation Trust Administrator shall be deemed discharged and have no further duties or obligations hereunder, except to account to the LT Beneficiaries as provided in Section 4.4 hereof and as may be imposed on the Litigation Trust Administrator by virtue of Section 6.1 hereof, and the Trust will be deemed to have been dissolved.

ARTICLE IV **ADMINISTRATION OF TRUST**

4.1 Payment of Claims, Expenses and Liabilities. Subject to the budget agreed upon by the Litigation Trust Committee in accordance with Section 4.4 of this Agreement, the Litigation Trust Administrator shall expend the Cash of the Trust: (a) to pay reasonable administrative expenses of the Trust that are incurred (including, but not limited to, any taxes imposed on the Trust or professional fees and expenses in connection with the administration and liquidation of the Trust Property and preservation of books and records as provided in Section 3.2 hereof); (b) to satisfy other obligations or other liabilities incurred or assumed by the Trust (or to which the Trust Property is otherwise subject) in accordance with the Plan, the Confirmation Order or this Agreement (it being understood that the Trust has not assumed any obligations or liabilities of the Debtors), including fees and costs incurred in connection with the protection, preservation, liquidation and distribution of the Trust Assets and Trust Property, the LTC Member Fee (as defined below) and reasonable, documented out-of-pocket expenses of the Litigation Trust Committee members, and the costs of investigating, prosecuting and resolving the Litigation Trust Claims; and (c) to satisfy any other obligations of the Trust expressly set forth in the Plan.

4.2 Distributions.

(a) Generally. From the Effective Date through the Tranche A Termination Date (as defined below), Holders of Allowed Prepetition Facility Claims shall receive their Pro Rata share of the Tranche A Litigation Recovery Interests, which shall represent a seventy-five percent (75%) Beneficial Interest in the Trust Property Available for Distribution. From the Effective Date through the Tranche A Termination Date, Holders of Allowed Class 5, 6 and 7 Claims shall receive their share, as set forth in the Litigation Trust Allocation Exhibit, of the Tranche B Litigation Recovery Interests, which shall represent, in the aggregate, a twenty-five percent (25%) Beneficial Interest in the Trust Property Available for Distribution. "Tranche A Termination Date" means the date on which the Allowed Prepetition Facility Claims (which, for this purpose, will include interest accrued through the Effective Date on the Prepetition Facility Claims at the non-default contractual interest rate based on a spread above the Alternate Base Rate) have been paid in full including from, for the avoidance of doubt, distributions (a) by the Debtors prior to the Effective Date, (b) by the Debtors under the Plan, (c) by the Post-Consummation Trust and/or (d) by the Trust (but excluding any distributions or other

revenues received by any Holder of Prepetition Facility Claims in respect of any investment made by such Holder pursuant to a co-investment right offered to such Holder). Immediately upon the occurrence of the Tranche A Termination Date, the Tranche A Litigation Recovery Interests will be terminated and the Holders of Allowed Class 5, 6 and 7 Claims shall receive their share, as set forth in the Litigation Trust Allocation Exhibit, of the Tranche B Litigation Recovery Interests, which shall represent one hundred percent (100%) of the Beneficial Interest in the Trust Property Available for Distribution. Distributions under this Section 4.2(a) to or on behalf of Holders of Allowed Class 5, 6 and 7 Claims shall be made in accordance with the priorities and percentages set forth in the Litigation Trust Exhibit.

(b) Timing and Amount of Distributions. The Litigation Trust Administrator shall make distributions of the Trust Property Available for Distribution (as defined below) on each Quarterly Distribution Date (as defined below) and on such additional dates that the Litigation Trust Administrator, in consultation with the Litigation Trust Committee, determines are appropriate from time to time (each Quarterly Distribution Date and any such additional date, a "Distribution Date"); provided, that the Litigation Trust Administrator shall be entitled, with the consent of the Litigation Trust Committee, to defer any such distribution to the next Quarterly Distribution Date if the Litigation Trust Administrator determines that the amount of Trust Property Available for Distribution at such time is insufficient to justify the cost of effecting the distribution. "Quarterly Distribution Date" means the last Business Day of the month following the end of each calendar quarter after the Effective Date; provided, however, that if the Effective Date is less than 30 days prior to the end of a calendar quarter, the first Quarterly Distribution Date will be the last Business Day of the month following the end of the first calendar quarter after the calendar quarter in which the Effective Date occurs. The Litigation Trust Administrator shall establish a record date for any distributions of not less than 10 days nor more than 60 days prior to the proposed date of such distribution (the "Record Date").

(c) Trust Property Available for Distribution. Notwithstanding anything in this Agreement to the contrary, the Litigation Trust Administrator shall cause the Trust at all times to retain sufficient funds (the "Expense Reserve") as the Litigation Trust Administrator shall determine, in consultation with the Litigation Trust Committee and subject to the budget agreed upon by the Litigation Trust Committee in accordance with Section 4.4 of this Agreement, are reasonably necessary for the Trust: (i) to meet contingent liabilities and maintain the value of the Trust Assets during liquidation; (ii) to make the payments and satisfy the obligations and liabilities described in Section 4.1; and (iii) to fund any other amounts as required under the Plan and as identified in the Trust budget, and to fund the fees and expenses of the Litigation Trust Administrator, the professionals retained by the Litigation Trust Administrator (the "Litigation Trust Professionals") and the Trust and the LTC Member Fee and reasonable, documented out-of-pocket expenses of the Litigation Trust Committee members. "Trust Property Available for Distribution" shall be determined by the Litigation Trust Administrator in advance of each Quarterly Distribution Date by subtracting the Expense Reserve from the then available Trust Proceeds.

(d) Priority of Distribution of Trust Proceeds. Any Trust Property Available for Distribution shall be applied, (a) first, to the fees, costs, expenses and liabilities of the Litigation Trust and the Litigation Trust Administrator, and the LTC Member Fee and

reasonable, documented out-of-pocket expenses of the Litigation Trust Committee members as provided in Section 4.1; and (b) second, to distributions to LT Beneficiaries.

(e) Distribution of Trust Proceeds Upon Termination. Promptly following the termination of the Trust, the Litigation Trust Administrator or its agent shall distribute any amounts not yet distributed from the Trust to or on behalf of the LT Beneficiaries in accordance with Section 4.2 of this Agreement, the Plan and the Confirmation Order.

(f) De Minimis Distributions. No distribution shall be required to be made hereunder to any holder of a Beneficial Interest unless such distribution will amount to at least \$25.00. In the case of all distributions other than the final distribution, any holder of a Beneficial Interest on account of which the amount of cash to be distributed is less than \$25.00 shall be deemed to have deferred such distribution to the next distribution date upon which the amount of cash to be distributed to such holder is \$25.00 or more, and the Trust shall hold any such deferred amounts for the account of such holder until such subsequent distribution date. In the case of the final distribution, any holder of a Beneficial Interest on account of which the amount of cash to be distributed is less than \$25.00 shall be deemed to have no claim for such distribution against the Debtors, the Trust, the Litigation Trust Administrator or the Trust Property. Subject to Section 4.3 hereof, cash not distributed pursuant to the immediately preceding sentence shall be the property of the Trust free of any restrictions thereon.

(g) Location and Method for Distributions; Notice of Change of Address; Disbursing Agents. Distributions to holders of Allowed Prepetition Facility Claims and Allowed Class 5, 6, and 7 Claims shall be made by the Litigation Trust Administrator, or such Third Party Disbursing Agent as the Litigation Trust may employ, to or on behalf of the LT Beneficiaries as of the Record Date (or the Distribution Record Date for distributions made to Holders of Allowed Senior Note Claims and Senior Subordinated Note Claims) at the address listed on Exhibit B hereto or such other address as may be provided to the Litigation Trust Administrator or its agent by such LT Beneficiary, or in the case of Allowed Senior Note Claims and Allowed Senior Subordinated Note Claims, as identified on a record holder register provided to the Disbursing Agent by the Senior Note Indenture Trustee or the Senior Subordinated Note Indenture Trustee, as applicable, within five (5) Business Days after the Distribution Record Date. Each LT Beneficiary shall be responsible for providing the Litigation Trust Administrator or its agent with timely written notice of any change in address. The Litigation Trust Administrator or its agent is not obligated to make any effort to determine the correct address of any LT Beneficiary. Notwithstanding any of the foregoing, in compliance with Section VI.B of the Plan, the Litigation Trust will employ the Senior Note Indenture Trustee and the Senior Subordinated Note Indenture Trustee as Third Party Disbursing Agents with respect to any distributions to the Holders of the Senior Notes and the Holders of Senior Subordinated Notes, respectively, if such Indenture Trustees have offered to provide such services on reasonable and customary commercial terms. Each Disbursing Agent and Third Party Disbursing Agent will serve without bond, and any Disbursing Agent and Third Party Disbursing Agent may employ or contract with other Persons to assist in or make the distributions required by the Plan. In accordance with the Plan and as an expense of the Litigation Trust under Section 4.1(b) hereof, each Third Party Disbursing Agent providing services related to distributions pursuant to the Plan will receive from the Litigation Trust reasonable and customary compensation for such

5.3 Tax Withholdings. The Litigation Trust Administrator may withhold and pay to the appropriate taxing authority all amounts required to be withheld pursuant to the Internal Revenue Code of 1986, as amended, or any provision of any foreign, state or local tax law with respect to any payment or distribution to or on behalf of the LT Beneficiaries. All such amounts withheld, and paid to the appropriate taxing authority, shall be treated as amounts distributed to such LT Beneficiaries for all purposes of this Agreement. The Litigation Trust Administrator shall be authorized to collect such tax information from the LT Beneficiaries (including, without limitation, social security numbers or other tax identification numbers) as it in its sole discretion deems necessary to effectuate the Plan, the Confirmation Order and this Agreement. The Litigation Trust Administrator may refuse to make a distribution to any LT Beneficiary that fails to furnish such information in a timely fashion, until such information is delivered; provided, however, that upon the LT Beneficiary's delivery of such information, the Litigation Trust Administrator shall make such distribution to which the LT Beneficiary is entitled, together with any interest and income actually earned thereon.

ARTICLE VI

POWERS OF AND LIMITATIONS ON THE LITIGATION TRUST ADMINISTRATOR

6.1 Powers of the Litigation Trust Administrator. The Litigation Trust Administrator shall have only such rights, powers and privileges expressly set forth in the Plan and this Agreement and as otherwise provided by applicable law. Subject to the other provisions herein, including, without limitation, the provisions relating to the Litigation Trust Committee in Section 6.3, the Litigation Trust Administrator shall be expressly authorized to undertake the following actions, in the Litigation Trust Administrator's good faith judgment, in the best interests of the LT Beneficiaries and to maximize net recoveries therefor:

- (a) prosecute, settle or otherwise compromise or abandon for the benefit of the Trust all claims and causes of action transferred by the Debtors to the Trust or arising in favor of the Trust, including, without limitation, take any action with respect to appeals, counterclaims, and defenses of or with respect to such claims and causes of action;
- (b) liquidate the Trust Assets;
- (c) execute any documents and take any other actions related to, or in connection with, the liquidation of the Trust Assets and the exercise of the Litigation Trust Administrator's powers granted herein;
- (d) hold legal title to any and all rights of the LT Beneficiaries in, to or arising from the Trust Property;
- (e) protect and enforce the rights to the Trust Property vested in the Litigation Trust Administrator by this Agreement by any method deemed reasonably appropriate, including, without limitation, by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium or similar law and general principles of equity;
- (f) make distributions of the Trust Proceeds and other Trust Property to or on behalf of the appropriate LT Beneficiaries in accordance with this Agreement, the Plan and the Confirmation Order;

EXHIBIT D

NOTICE OF REQUIREMENT TO COMPLETE AND RETURN IRS FORM

To: To All Holders of General Unsecured Claims (“Unsecured Creditors”) in the Chapter 11 Case of Collins & Aikman Corporation and Collins & Aikman Products Co., Inc. and their affiliates (“Debtors”) Case No. 05-55927 (SWR).

From: Alan B. Miller, the Trust Administrator (“Trustee”) of the Collins & Aikman Litigation Trust (“Trust”).

The Debtors filed their voluntary Chapter 11 cases on May 17, 2005. Your claim(s) against the Debtors has been classified as general unsecured claims by virtue of: (i) your claims having been scheduled by the Debtor(s) as general unsecured claims; (ii) having filed a proof of claim for general unsecured proof of claims(s) against the Debtor and/or (iii) your claim having been reclassified as the general unsecured claim by a prior order of the Bankruptcy Court. Your claim(s) entitle you to Tranche B Interests in the Trust.

In order for you to have the opportunity to participate in a distribution from the Trust, each Unsecured Creditor must provide the Trustee with a valid, properly completed Internal Revenue Service (“IRS”) Form W-9, or a valid executed IRS Form W-813EN, W-8ECI, W8-EXP or W81-MY (each, “IRS FORM”) and, collectively, the (“IRS Forms”).

Attached to this notice is an IRS Form W-9. Demand is hereby made that you complete and return the IRS Form W-9, or such other applicable IRS Form to the Trustee by _____ [DATE]. All completed IRS Forms must be mailed to the Trustee such that they are actually received by the Trustee on or before _____ [DATE] at the following address:

[RETURN ADDRESS HERE]

IF YOU DO NOT COMPLETE AND RETURN AN EXECUTED IRS FORM W-9 OR OTHER APPLICABLE IRS FORM TO THE TRUSTEE ON OR BEFORE [DATE] YOU WILL NOT BE TREATED AS THE HOLDER OF AN UNSECURED CLAIM, YOUR CLAIM AND THE RELATED TRANCHE B INTERESTS IN THE TRUST WILL BE TREATED AS DISALLOWED, AND YOU WILL NOT BE ENTITLED TO PARTICIPATE IN OR TO RECEIVE A DISTRIBUTION FROM THE TRUST.

Finally, please note that completing and transmitting the applicable IRS Form does not guarantee that you will receive a distribution from the Trust,

If you have any questions about this Notice please contact Alan B. Miller, the Liquidation Trustee at (212) 310-8272 or alan.miller@weil.com.

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <input type="checkbox"/> Other (see instructions) ▶ _____	
	<input type="checkbox"/> Exempt payee	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number									

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Employer identification number									

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.